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## OUR REPORTER'S REPORT

Steadily mounting taxes are increasing the willingness of investors to admit mistakes made over a period of years in purchases of wildcat securities. Ordinarily, although probate of the wills of some of our richest men has disclosed a percentage of poor guesses or judgment, the tendency is to cover up in this respect and bear with the loss.

**But these days, with war taxes what they are, it has become, evidently, too costly to just "laugh the matter off," so to speak. Now the growing disposition, according to those who can see the trend, is to take the "ribbing," and, also, register the "loss" for deduction in making out income tax returns.**

Many firms in the Street are busier than usual just now with orders of that nature. And they report that clients are digging deep into the boxes to drag out skeletons of securities which have become worthless or obsolete since the early thirties.

**This is the season for normal tax selling, but judging by comments heard around, the boys are going beyond what might be termed normal bounds in their search for tax surcease.**

One salesman, as an example, had a client produce 400 shares of a certain stock—he wouldn't give up the name—for which the holder would gladly have accepted $1, notwithstanding that on the sale of the block, transfer taxes, Federal and State, would have cost him $22 to $25.

**Central Maine 3½s Sold**

Except for a few small lots still moving around in dealers' hands, it was indicated that the public offering of $12,500,000 of Central Maine Power Company's thirty-

(Continued on page 2062)

# HOW DID WE GET THIS WAY?

## THE ANATOMY OF CAPITALISM

**By H. B. LOOMIS and JOHN B. KNOX**

**of John B. Knox & Company**

**Editor's Note:** New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the fifth, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

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### Part V

Following the division of labor, the next step forward came with the development of the art of exchange; the trading of the product of one man for that of another. These transactions gave meaning to the term, value, which indicates the amount of one product that can be procured in exchange for another.

The elements of an equitable trade are not the hours of current toil measured against hours of current toil. To be honest—and in the long run trades are honest—an exchange considers not only current toil but the hours of past toil which qualified the individual for his specialty.

Anything which labor adds to raw material increases its value and consequently produces wealth. Although strict economists might disagree as to the accuracy of the expression, anything that a man does to increase his knowledge and skill, to improve his productive capacity, adds to his value and consequently produces a form of wealth. But even as raw materials differ in value, so do men, and no amount of labor can make them equal. The wealth and prosperity of a country does not depend as much upon its resources as upon the character and diligence of its inhabitants. Its destiny is determined by the kinetic energy of its people and not by the sententious and ambiguous perorations of its politicos in which they find the symbolic expression and vicarious satisfaction of their frustrations.

(Continued on page 2062)

# Insurance Companies Likened To Chain Stores as Public Benefactors

What we need in this country today, more than a good 5-cent cigar, is a definition of "monopoly." Furthermore, this is a rather urgent need if the general public is not to be reduced to complete and unadulterated confusion.

On the one hand, we have seen examples of price-fixing, restrictions on output, arbitrary wage scales, etc. (all under Government sponsorship) which, to the layman or "man in the street," have all the earmarks of monopoly. On the other hand, certain organizations (such as chain stores) have recently been cited for monopolistic practices which, to the "unenlightened," are by no means self-evident.

What puzzles Mr. Consumer is the fact that he has no compulsion to buy from any such organizations, that across the street and around the corner are innumerable rough-and-ready competitors, that they obtain his patronage only when they offer superior service and the best value for his money. To him their very existence in his community acts as a spur to raise standards and lower costs and, therefore, constitutes a very practical and tangible working of the free enterprise system.

American shoppers, on the whole, are pretty hard to fool and are not easily satisfied. They want little here below but courteous and instantaneous service, highest quality merchandise, privilege of exchange or refund, prompt delivery (war or no war), the lowest price in town — and 90 days credit. They usually go where they can come closest to getting all these things (plus coupons) and, whether it is a chain store or not, Mr. and Mrs. Shopper just don't give an ersatz nickel. Neither is this to be regarded as a brief for chain stores—they are used simply as an illustration.

Another example of witch-hunting, which it is difficult for the public to grasp, is the recent indictment of the fire insurance industry for violations of the Sherman Anti-Trust Act. Aside from the fact that said act and said practices have been in effect for several decades, insurance buyers have apparently been well satisfied with the treatment and value they have received. Technically, perhaps, most of us belong in jail and, in common with all other institutions created by man, the insurance industry is far from perfect. However, few industries have been regulated so carefully or for so long a period. Furthermore, few industries enjoy anything like the public esteem which has been accorded the insurance business.

It is neither appropriate nor incumbent upon us to argue the case for the insurance industry here. All we wish to do is to point out some of the reasons why the methods in effect have been accepted and approved by the insurance-buying public.

Ignoring the presumption that the main issue is probably one of States' Rights versus Centralized Control, what are the specific charges? The test case, in Atlanta,

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## Eastern Royalty Ass'n Protests Against SEC Changes In Sale Rules

At a meeting of royalty dealers held under the auspices of the Eastern Oil Royalty Dealers Association, Inc., at the Hotel Biltmore, New York City, it was revealed that the Association had formally protested to the SEC against the changes which it proposes to make in the rules and regulations covering the sale of oil royalty interests in interstate commerce.

T. G. Wylie, President of the Association, stated that it was impossible, from a practical standpoint, to comply with some of the proposed new rules, citing as an instance the proposal to require an engineer's report with every offering.

He pointed out that such reports, when obtainable at all, cost anywhere from $200 to $2,000 each and that small royalty offerings could not stand such a charge, which must inevitably be passed on to the investing public.

The meeting was largely attended by dealers from New York, New Jersey, Massachusetts, Connecticut and Pennsylvania.

It was the opinion of all that the proposed regulations, if adopted by the Commission, would end trading in oil royalties, to the detriment of the investing public who would thereby be deprived of a market for their holdings.

## Walter J. Rooney Now With Weil & Arnold

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Walter J. Rooney has become associated with Weil & Arnold, Canal Building. Mr. Rooney was recently associated with Steiner, Rouse & Co., and prior thereto was vice-president of Levy & Rooney for many years.

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## STANY Elects 1943 Officers

At the annual meeting of the Security Traders Association of New York, the following officers were elected for the coming year:

James F. Musson

William Porter

Louis A. Gibbs

President: B. Winthrop Pizzini, B. W. Pizzini & Co.

First Vice-President: James F. Musson, B. J. Van Ingen & Co.

Second Vice-President: William Porter, Hemphill, Noyes & Co.

Secretary: John S. French, A. C. Allyn & Co.

Treasurer: George Leone, Frank C. Masterson & Co.

New directors elected were Joseph S. Nye of Freeman & Co., Thomas Moore of H. Hentz & Co., and Louis A. Gibbs of Laird, Bissell & Meeds.

Also elected were:

National Committee: Wellington Hunter, Hunter & Co.; Thomas A. Larkin, Goodbody & Co.; Cyril M. Murphy, Mackubin, Legg & Co.; Wm. Henry Pflugfelder, Pflugfelder, Bampton & Rust.

National Committee Alternates: Charles King, Charles King & Co.; George Kranz, Amott, Baker & Co.; Harold B. Smith, Sweetser & Co.

Gratuity Fund Directors: Charles H. Jann, Lazard Freres & Co.; Walter Kennedy, A. M. Kidder & Co.

B. Winthrop Pizzini

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## Carl A. Preim Joins R. W. Pressprich Co.

Coincident with the announcement of the dissolution of the firm of C. A. Preim & Co., R. W. Pressprich & Co., members of the New York Stock Exchange, announce that Carl A. Preim has become associated with them with headquarters at 744 Broad Street, Newark, N. J.

## Minetree With War Dept.

Joseph P. Minetree, manager of the investment trading department of the New Orleans, La., office of Merrill Lynch, Pierce, Fenner & Beane, has been granted a leave of absence from his firm for the duration, and is reporting for duty in the Army Transport Service. Although the Transport Service is not actually a branch of the Army, the work is under the direct supervision of the War Department, and it is understood that Mr. Minetree's duties will be almost entirely at sea.

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## Large Increases In Corp. Stockholders

Stockholders of record, reported by 16 of the largest American manufacturing corporations (excluding oil and copper companies) for which figures are available, totaled 1,611,200 in 1941, against 983,100 in 1929, a gain of 64%, according to the National Industrial Conference Board, which, in its release Dec. 2, also, said:

"The four largest corporations in the group, U. S. Steel, General Motors, du Pont and Bethlehem Steel, together, reported a gain of some 325,000 stockholders over the 12-year-period. The most spectacular increase, however, was shown by General Electric with 218,500 in 1941, against 60,400 in 1929. General Motors moved up from 189,600 in 1929 to 413,300 in 1941, U. S. Steel from 182,600 to 232,800, and du Pont from 36,200 to 86,300.

"Other large increases include Union Carbide from 28,800 to 67,300, American Tobacco from 30,500 to 71,000, National Dairy Products from 31,100 to 68,800, Swift from 47,000 to 59,000, Chrysler from 36,000 to 52,700, and Eastman Kodak from 32,800 to 42,200.

## "Summary of Facts" On Victory Loan Securities

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, have issued a "Summary of Facts" regarding the various Victory Loan securities as investments with emphasis on the fact that people who buy them are not making a sacrifice but on the contrary are making a profitable commitment. The summary is a printed eight-page affair with a letter from Charles E. Merrill, senior partner of the firm, addressed to customers and other friends. About 100,000 copies are being mailed out.

## Security Quotations

Loewi & Co., 225 East Mason Street, Milwaukee, Wis., have prepared a list of quotations of bonds, preferred stocks and common stocks which are widely held in Wisconsin. These quotations are as of Nov. 30th and should be helpful in connection with year-end adjustments in securities portfolios. Also included in the list of quotations are real estate securities. Copies of this bulletin may be had from Loewi & Co. upon request.

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## James Canavan With Smith, Moore & Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—James M. Canavan has rejoined the staff of Smith, Moore & Company, 509 Olive Street, members of the St. Louis Stock Exchange. Mr. Canavan was formerly a partner in Gatch & Company and Crago, Smith & Canavan. In the past he was associated with Smith, Moore & Company.

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## DEALER BRIEFS

### Dallas, Texas

**We have found there are plenty of funds for investment in Municipal Bonds issued by Texas Counties, Cities and School Districts. Also, there has been a good demand for local securities, such as Banks, Insurance, etc., stocks. The latter has been very noticeable with us since last July. — *E. Kelly Brown, E. Kelly Brown Investment Company.***

**Selected Casualty Surety insurance stocks continue to occupy the first place in volume among our clients. They tolerate the 4½% current average dividend yield, but they enthusiastically approve of the current average ("tax free"—automatically reinvested-compounded) "plow-back" of around 10%. They consider the three great imponderables: (1) taxes, (2) inflation, (3) post-war dislocation, fairly well covered through ownership of this type of investment. —*Carothers & Company, Inc.***

### Minneapolis, Minn.

**In spite of low yields, we are finding a good demand for the general obligation and revenue bonds of municipalities located in the section we serve, namely, Minnesota, South Dakota, North Dakota and Montana. We are also very much interested in longer term municipal and revenue bonds of other sections of the country for our institutional accounts.—*K. B. Sorum, Allison-Williams Company.***

### St. Louis, Mo.

**The possibility of early peace seems to have lessened investors' confidence in their ability to select individual securities that will fare well and there is consequently greater interest in the shares of investment companies and fire insurance companies. Attractive local issues of stocks and bonds are scarce. There is a demand for real estate bonds, but offerings are small and infrequent.—*Albert Theis and Sons, Inc.***

## Rails & The Tax Rate

B. W. Pizzini & Co., 52 Broadway, New York City, are distributing the current issue of their "Railroad Securities Quotations." In addition to extensive comparative quotation tables of guaranteed stocks of rails throughout the country, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations, and guaranteed telegraph stock quotations, the release discusses railroad earnings, whether or not the high tax rates can hold, and the "tax swapping" among the Lackawanna leased line stocks. Copies of this bulletin may be had from B. W. Pizzini & Co. upon request.

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# Some Observations Regarding "Profit Margins"

There appears to be a great deal of misunderstanding among those in the securities business, as well as those outside the industry, regarding "profit margins" which should, or should not, be charged the investing public by dealers in securities.

There are some who look upon a "profit margin" as something to be ashamed of—whether it be large or small. There are others who hold the opinion that the smaller their profit on any transaction, the better off everyone will be—themselves included. On the contrary, it is the opinion of this column that when an investment dealer operates profitably his customers are better off, because a solvent and prosperous firm can give more time and attention to servicing its clients' accounts, than a firm that is spending most of its time worrying about the overhead involved in running its business.

Here is where we come to the main difficulty of clarifying this whole "profit margin" mixup that long has raged within and with-

(Continued on page 2055)

## Market Comment

Although the market remained firm during the past week and showed some slight rallying power, no indication can be said to have been given that the correction has been completed and the advance is to be resumed. In fact, we are of the opinion that it is as yet by no means certain that recent reactionary tendencies will not break out once more.

The present cross-current action in which switching from "war" to "peace" issues depresses certain stocks while raising others, has served meanwhile to keep the averages static at a level close to the low of the reaction but it would require only a small recession on the part of the Dow-Jones industrial average to change the market's present selective character to one of general reaction. As long as this average can hold above its support level of 112.71 (corresponding to "Tribune" 100-stock average, which support was broken week before last) the possibility remains that the correction has been completed. Should this level be violated, however, a further general reaction would be indicated.

In view of this confused situation we have in recent weeks advocated disposal of all stocks that have been unable to make new highs. We continue of this opinion.

The purchase (or retention) of certain stocks which show definite uptrend in contrast to the uncertain position of the average, has meanwhile been suggested. These stocks — together with a few others, which would seem to require special comment—are reviewed briefly below.

Pepsi-Cola, Pan-American Airways, Montgomery Ward, Goodrich—all show uptrend and are not likely to be much affected by recession elsewhere.

Paramount — definite uptrend, but slow. International Harvester —stop longs 52¾; rally to about 59 indicated. Sears Roebuck— raise stop to 58⅝; crossing 62½ indicates 68-69. Barnsdall—keep stop at 10⅝; crossing 12 indicates higher and additional purchases would be warranted.

The following look in position for a rally, and purchase is indicated with stops as given: Southern Pacific, stop 13⅞; Standard Oil of N. J., stop 42½; Yellow Truck, stop 12.

American Tobacco Common and B—in weak position and look still lower.—*Lober Brothers & Co.*

## NAM Issues Booklet To Inspire Home Front

America marks the anniversary of Pearl Harbor by the highest rate of armament production in the history of the world, William P. Witherow, President of the National Association of Manufacturers, declared on Dec. 6 as the Association published "One Year After Pearl Harbor—America's War Production Record." The N. A. M. report is a 64-page booklet illustrated with charts and photographs, dedicated to all Americans, "to inspire them to greater achievement on the home front, by recounting the encouraging record already made."

## Now Major Blizzard

Herbert H. Blizzard, Post Exchange Office at Shaw Field, Sumter, S. C., was promoted to the rank of Major on Friday, Dec. 4th.

## Denham Now Lt. In USNR

Joe E. Denham, assistant vice-president of the First National Bank, of Memphis, Tenn., and manager of the Bond Department, has been commissioned a Lieutenant in the United States Naval Reserve, and will report for active duty at Quonset Point, Rhode Island the latter part of December.

## Nordberg Now Naval Lieut.

H. Gerald Nordberg will report for duty as a Lieutenant (sr. grade) at Quonset Point, R. I., on Dec. 22. Mr. Nordberg was formerly in charge of the Minneapolis office of E. H. Rollins & Sons, Inc.

## Kay, Richards To Admit

PITTSBURGH, PA.—Harry Sheldon Parker will become a partner in Kay, Richards & Co., Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, on January 1, 1943.

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## Food—A "Must"

Food is a "must" in war and peace and "food" securities offer interesting possibilities either as "war stocks" or "peace stocks," according to the latest bulletin issued by Strauss Bros., 32 Broadway, New York City. Copies of the bulletin, together with suggestions in "food" securities, may be had from the firm upon request.

## Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have prepared the current issue of their "Over-the-Counter Review," copies of which may be had from the firm upon request.

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## Chicago Mercantile Exchange Gets Slate

The Chicago Mercantile Exchange Nominating Committee presented on Dec. 4 its slate of 12 candidates for six two-year term posts on the Board of Governors of the produce futures mart and ten nominees for the 1943 Nominating Committee. To fill vacancies which will occur in the membership of the governing body by expiration of the regular two-year terms the committee selected the following:

V. O. Appel, Fulton Market Cold Storage; A. B. Cavett, Fairmount Creamery Co.; Frank P. Collyer, Merrill Lynch, Pierce Fenner & Beane; Victor C. Dauber Dauber Bros.; Nick Fennema, S. S. Borden Co.; Michael E. Fox, The Peter Fox Sons Co.; A. C. Hovey, H. C. Christians Co.; Edwin Kirschbraun, L. D. Schreiber & Co., Inc.; Harry H. Redfearn, of the firm bearing his name; Larry Ryan, of Larry Ryan & Co., Inc.; Joseph Sieger, Faroll Bros., and Saul Stone, Becker, Stone & Co.

Messrs. Collyer and Fox are renominations.

Named candidates for the 1943 Nominating Committee were Howard Edson, R. L. Elster, A. E. Ericson, Harold Fox, E. J. LeFebvre, C. E. Nellis, Robert E. Scholes, Frank Sherman, Mark Stewart and C. C. Tatham, Sr.

The Exchange's annual election will be held Jan. 6.

## Black With Alcoa

CHICAGO, Ill.—William F. Black has resigned as treasurer of the Chicago Stock Exchange to accept a position in the production field of Aluminum Co. of America. Mr. Black had been with the Chicago Exchange since 1933, serving in various departments. Since 1936 he had been associated with the treasurer's office, being appointed assistant treasurer in June, 1941, and treasurer in June of this year.

## St. Petersburg Tax Memo

Cohu & Torrey, 1 Wall Street, New York City, have prepared a memorandum showing the tax collections of the City of St. Petersburg, Fla., together with a statement showing the present bond indebtedness of the city as of December 1, 1942. Copies of this memorandum are available from Cohu & Torrey upon request.

**Forty Wall Street Building**
New York City

*Illustrated Analysis on request*

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# REAL ESTATE SECURITIES

## Construction Activity, 1942 and 1943

New construction activity in the continental United States is expected to decline to approximately $7,300,000,000 in 1943 as compared with a preliminary estimate of $14,000,000,000 in 1942, Secretary of Labor Frances Perkins reported last Saturday. "Private construction is expected to drop from an estimated $3,400,000,000 in 1942 to about $1,400,000,000 in 1943," she said. "Construction financed from public funds, although not expected to decline so sharply, is forecast at $5,900,000,000 in 1943 as compared with $10,600,000,000 in 1942.

"The necessity for conserving critical materials and a shortage of man-power in 1943 will probably hold private construction down to the barest essentials. Non-farm residential construction, which will be restricted to low-cost units in war industrial areas, will probably not exceed $680,000,000. Private non-residential construction will consist largely of war industrial plants and the total will not be much over $100,000,000. Total farm construction is expected to amount to about $370,000,000 in 1943. It is anticipated that public utility construction will feel the pinch in critical materials and will be limited to plants absolutely necessary to the maintenance of essential civilian services.

"Direct military and naval construction and war-industrial facilities will account for about 70% of all public construction expenditures in 1943. The industrial facilities program, which should be almost completed by the end of 1943, will total approximately $1,300,000,000 as against $3,500,000,000 in 1942. Military and naval construction expenditures are not expected to exceed $2,900,000,000 in 1943, a decline of 47% from 1942.

"Scheduled construction on the war public housing program indicates that the value of work to be put in place in 1943 will total about $600,000,000. This exceeds the 1942 figure by $72,000,000. Public non-residential construction, which includes the schools, hospitals and recreation centers financed from war public works funds, is expected to increase from $134,000,000 in 1942 to approximately $150,000,000 in 1943. Construction of access roads, strategic highways, and flight strips, will hold highway construction up to about $500,000,000 as compared with $659,000,000 in 1942. Other public construction, including river, harbor, and flood control works, TVA projects, and public service enterprises such as water and sewage, rapid transit, electric light and power, and pipe lines will probably not exceed $450,000,000."

ESTIMATED NEW CONSTRUCTION EXPENDITURES IN THE UNITED STATES, 1942 AND 1943*
(Millions of dollars)

| | 1943 | 1942 |
|---|---|---|
| Total new construction | 7,290 | 14,042 |
| Private construction | 1,360 | 3,425 |
| Residential (non-farm) | 680 | 1,491 |
| Non-residential (includes privately financed war plants) | 110 | 529 |
| Farm— | | |
| Residential | 125 | 251 |
| Service buildings | 245 | 406 |
| Public utility | 200 | 748 |
| Public construction | 5,930 | 10,617 |
| Residential (includes war housing) | 600 | 528 |
| Non-residential (excludes industrial facilities) | 150 | 134 |
| Industrial facilities | 1,340 | 3,521 |
| Military and naval | 2,890 | 5,223 |
| Highway | 500 | 659 |
| Other public— | | |
| †Federal | 200 | 402 |
| ‡State and local | 250 | 150 |

*Preliminary, subject to revision. The estimates include expenditures for new construction in the continental United States. They do not include work relief construction expenditures or maintenance expenditures. The estimates do include expenditures for major additions and alterations.

†Includes conservation and development, TVA, and public pipe line construction expenditures.

‡Includes water supply, sewage disposal, and miscellaneous public service enterprises.

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## Beyond Victory

Anyone engaged in the supervision of investments these days is heavily aware of the difficulties of the problem of world economic and political transition.

As a matter of fact, apart from this clear-cut realization, there is very little else in the investment situation that is clear. The arguments pro and con that one hears on inflation are endless. Post-war corporate tax trends are uncertain; they may decline, as they did after the last war, or they may remain fixed at current high levels for a decade. And the extent of continuing government control of prices and wages no one can foretell. All that one can say about the future of the world's economy is that the only certain factor is the uncertainty.

The period ahead, by the same token, for various types of industries, particularly in the production field, is equally obscure. Writing in a current periodical, Arthur Kudner, prominent advertising executive, hints of the momentous future developments. We would like to quote at random from his comments:

"Under the pressure of war there are developing in this country the makings of an era of prosperity and expansion so widespread and dazzling as to make anything in our earlier experience seem puny potatoes indeed. . . . The new industries that are incubating now are almost uncountable and unimaginable in their eventual effect. I think it entirely possible that in five years a rubber tree will be as foolish economically as a wild strawberry. . . . More (synthetic) rubber can be produced with 350 men in a factory than with 10,000 men in a plantation, more from 40 acres of factory space than from 50,000 acres of plantation. . . . We are just about to enter the plastics and light metals age, this shift to light metals may be as consequential as the shift from the bronze age to the iron age. . . . Already steel's day is passing the meridian, around the corner is coming a new and fabulous time in the potentials of light metals and plastics. . . . You know what is happening in fuels, the 100 octane gasoline means a world of smaller motor-cars, of higher power and lower costs. . . . Consider the possibility of centrifugal casting, powdered metallurgy, heat-toughened and flexible glass, the new and shaping developments in black light, electronics, radio and television, the interesting advances being made in demountable and pre-fabricated dwellings, in dehydrated foods, and in the whole science of nutrition. . . . In medicine the advance is reflected in an able surgeon's remark that 'in the light of our present knowledge, every wound we treated in the last war was mistreated.' . . . Now the big thing in making this rich promise which lies at the war's end come true, is, at bottom, a psychological thing—the people, all the people, have to believe in it. They have to see the vision."

We have quoted from Mr. Kudner's article at this length to make the point that many companies will maintain their competitive position through expansion; many on the other hand will slip back and perhaps fall by the wayside.

Obviously in a world that will be more dynamic than ever, investments can no longer remain static.—*Ralph E. Samuel & Co.*

## NYSE Borrowings Lower

The New York Stock Exchange announced on Dec. 3 that the total of money borrowed, as reported by Stock Exchange member firms as of the close of business Nov. 30 was $341,873,208, a decrease of $15,470,721 from the Oct. 31 total of $357,343,929.

The following is the Stock Exchange's announcement:

"The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Nov. 30, 1942, aggregated $341,873,208.

"The total of money borrowed, compiled on the same basis, as of the close of business Oct. 31, 1942, was $357,343,929."

# PERSONNEL ITEMS

***If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.***

(Special to The Financial Chronicle)

BELLEVILLE, ILL. — **William C. Juen** has become associated with **Fusz-Schmelzle & Company**, Boatmen's Bank Building, St. Louis, Mo. Mr. Juen was formerly Belleville Manager for O. H. Wibbing & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harold William Johannes, Jr.**, previously with Alexander & Company, is now connected with **Shillinglaw, Crowder & Co., Inc.**, 120 South La Salle Street.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**James R. Coolidge** has been added to the staff of **Prescott, Wright, Snider Company**, 916 Baltimore Avenue.

## Halsey Stuart Co. Is Cgo. Exchange Member

CHICAGO, ILL. — Halsey, Stuart & Co., an Illinois corporation, has been registered as a Member Corporation of the Chicago Stock Exchange by action of the Executive Committee.

In announcing the action, Arthur M. Betts, Chairman, said, "We are exceedingly gratified that after months of negotiation between our staff and the officers of Halsey, Stuart & Co. this application has been completed. The company is one of the largest investment banking units in the country."

Mr. Betts continued by saying, "Halsey, Stuart & Co. have been unusually progressive in advancing the interests of Chicago as a financial center and we are delighted to have this firm actively identified with the Exchange."

The corporation was formed in September, 1911, under the name of N. W. Halsey & Co. to succeed a partnership organized in 1903 of the same name. The name was changed to Halsey, Stuart & Co. in July, 1916. At present the firm has 10 sales offices in the same number of cities with Chicago as the main office.

Harold L. Stuart, President, has been an individual member of the Exchange since March 15, 1905.

## Ecuadorian President Visits Stock Exchange

The New York Stock Exchange was host on Dec. 2 to Dr. Carlos A. Arroyo Del Rio, President of Ecuador, and his official party of 16. Dr. Arroyo was greeted at the 11 Wall Street entrance of the Exchange by Emil Schram, President; Robert L. Scott, Chairman of the Board; John S. Coleman, Vice-Chairman, and Robert DeF. Boomer, Chairman of the Inter-American Hospitality Committee of the Exchange. The Ecuadorian presidential party was officially welcomed in the Board Room of the Exchange by Mr. Schram and the Board of Governors, after which, accompanied by Messrs. Schram, Stott and Boomer, they visited the gallery of the Exchange overlooking the trading floor.

## Says 14-Year-Old Boys May Be Registered

Extension of Selective Service registration to include youths down to 14 years of age is being considered, Maj. Luther K. Brice, of the State Selective Service office, told a high school assembly at Columbia, S. C., according to Associated Press advices appearing in the New York "Journal-American" of Dec. 4. It was added that Major Brice said the object of the suggested registration would be to provide elementary military training.

# Large Tax Bases Viewed As Vital Elements In Profit Possibilities On Low Price Issues

Formerly, large losses showing in the histories of corporations certainly neither added to their prestige nor did such past deficiencies make the corporations particularly eligible for future profits.

Such reversal, however, is now in evidence in the case of numerous former "grief situations."

Well-managed and financially strong companies have attractive offers of profitable business made to them by those controlling such business who would lose most of the profit incidental thereto because of their susceptibility to excess profits, whereas such profits could be to a great extent retained by the company with the favorable tax base.

Believing that the Foundation Industrial Engineering Co. has a tremendous tax base and will profit materially by this new trend, Ward & Company, 120 Broadway, New York City, have prepared memorandum No. 255 on this company which will shortly be ready for distribution.

Foundation Industrial Engineering is a company sponsored and managed by such experienced and well connected principals as George H. Houston of the engineering firm of Houston & Jolles, and for many years President of the Baldwin Locomotive Works; David M. Milton, brother-in-law of Nelson Rockefeller, and a leading spirit of the Equity Group, and A. C. Doty, President of the Foundation Company of New York.

All these men know how to handle engineering projects and seem to be well situated when it comes to selecting good ones.

Foundation Industrial Engineering has a small $1.50 cumulative preferred stock issue quoted nominally 15 bid, 20 asked, and quite inactive.

The common stock, however, within the last few months moved with a range of $2.50 per share high, $1.50 low, with a broadening interest indicated.

## New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

H. Lee Mason, Jr., has retired as a special partner in A. E. Masten & Co., Pittsburgh, Pa., as of Oct. 16.

Reynale S. Pickering withdrew from partnership in Nash & Co., New York City as of Nov. 30.

## Tomorrow's Markets Walter Whyte Says—

**"End of war" psychology of last two weeks now changing. Market however, again in critical position. Bad news may start off decline.**

*By WALTER WHYTE*

Ever since Pearl Harbor I have tried to limit this column to market interpretations. Time and again I have written that whatever happens in any part of the world, if important enough, will be reflected in market action. Yet these are times when limiting observations to market action, while ignoring conditions which play such im-

(Continued on page 2058)

# Home Purchase Loans Volume High In Sept.

A volume of home purchase loans surpassed by only one previous month of the past 12 years was made in September by the savings, building and loan associations, the United States Savings and Loan League, Chicago, reported on Dec. 5. Morton Bodfish, Executive Vice-President of the League, said that it evidences an interest in buying residential property on the part of the average citizen considerably more marked than three years ago when war clouds were just beginning to darken the world horizon. The advices from the League further state:

Morton Bodfish

"The $58,060,000 which these thrift and home financing institutions loaned to help people buy houses was a few thousand dollars more than the loan volume for this purpose in Sept., 1941, and was surpassed in post-depression lending figures only by October of last year.

The largest proportion of the associations' lending volume to go for home purchase loans since the figures began to be compiled, this September's disbursement represented 61.73% of total savings and loan lending for all purposes during the month. Largely because of the increase in this type of loan between August and September, the dollar volume for all purposes combined rose $1,500,000 to a total of $94,055,000 for September. The effects of the war economy are seen, however, in the fact that this volume of loans for all purposes was 27% under the Sept., 1941, total.

"War housing, representing newly constructed permanent units in war industry areas, used $12,500,000 savings and loan funds in September as it had in August," Mr. Bodfish continued. "It brought the total of war housing financed by these associations for the third quarter of the year to $42,726,000.

"For the entire third quarter, the savings and loan disbursement to assist in home purchase was $165,551,000, sufficient to finance some 55,000 transfers on basis of the average $3,000 loan per property," said Mr. Bodfish. "This was more money than they loaned to purchasers in the previous three-month period and second only to the third quarter of 1941. It was one and three-quarters times the volume of home purchase loans three years ago."

Analysis of September loans and purposes for which they were granted and percentage for each purpose are indicated by the League as follows:

| Purpose | Estimated Loans Made By All Associations In United States | Per Cent of Total |
|---|---|---|
| Construction | $12,449,000 | 13.24 |
| Repair and modernization | 3,804,000 | 4.05 |
| Home Purchase | 58,060,000 | 61.73 |
| Refinancing | 14,063,000 | 14.95 |
| Other Purposes | 5,679,000 | 6.03 |
| Total | $94,055,000 | 100.00 |

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RAILROAD REORGANIZATION SECURITIES

# RAILROAD SECURITIES

One of the more conservative of the rail equities that has failed to attract any large following this year, and which appears definitely under priced in relation to the more speculative sections of the list, is the Louisville & Nashville capital stock. At the present writing the shares are little more than two points above the 1942 low and more than eighteen points below the year's high, despite current high earning power, the favorable long term dividend record, and the far better-than-average post-war prospects of the property.

In contrast, some of the more speculative stocks, with, at best, erratic dividend records and facing major uncertainties after the war boom has passed, are selling from 50% to 100% above their 1942 lows and afford an even smaller income return on their temporary dividends than is obtainable on the Louisville & Nashville stock. In particular, many rail men have been pointing to the advisability of exchanging commitments in Atlantic Coast Line common into the shares of Louisville & Nashville, its subsidiary. No further dividend is expected on the Coast Line stock until the 1943 year-end, while Louisville & Nashville normally pays interim dividends throughout the year. Total 1942 disbursements amounted to $2.00 and $7.00, respectively.

Coast Line will presumably have to continue on a conservative dividend basis in order to concentrate on debt retirement. The Louisville & Nashville is faced with no such necessity. Coast Line will feel the full impact of higher taxes next year, and will presumably show far less favorable year-to-year earnings comparisons. The 1942 results were aided by large tax credit carry-overs which will not be available next year. Louisville & Nashville has already been under the full tax burden, and will not face such a wide year-to-year increase in accruals next year.

As a final consideration, it is being pointed out that Coast Line itself is largely dependent on dividend income from Louisville & Nashville to support its own debt in normal years. Under conditions which would necessitate a disruption of dividends by Louisville & Nashville for any considerable period it is believed that the Coast Line stock would have little, if any, value.

Except for the single year 1933, Louisville & Nashville has an unbroken dividend record running back to before the beginning of the century, and the dividend disbursements have with few exceptions run at $5.00, or more, a year. This dividend record is further bolstered by the success of the management in realizing a material reduction in fixed charges in recent years, through repayment of some debt and lower coupon refunding of other bonds. Obligatory requirements are now in the neighborhood of $9,100,000 a year compared with $10,700,000 ten years ago. The reduction has been equivalent to approximately $1.37 a share on the outstanding stock.

On the basis of the present fixed charges the company would have operated profitably in every year of the depression decade, with the exception of 1932, and even in that year the deficit would have been held to around half a million dollars. In the next poorest year, 1933, earnings would have been equivalent to more than $2.80 a share. In contrast, on the basis of its present charges, and even with the aid of dividend income from its holdings of Louisville & Nashville stock in practically all years, Coast Line would have sustained net deficits in four of the past ten years.

Louisville & Nashville is primarily a heavy freight road, with bituminous coal the most important single item, accounting for more than a third of annual gross freight revenue. This freight is not vulnerable to highway diversion so that the road is relatively invulnerable to resumption of truck competition after the war. Moreover, Louisville & Nashville has been a far greater beneficiary than the parent company of the secular industrialization of the South. Acceleration of this development under the stimulus of the war program will open up additional new traffic sources to bolster long term operations. Not only are the new plants productive of new manufactured freight, but, also, they open up new markets for coal originating in Louisville & Nashville's territory. With this background Louisville & Nashville may be considered as close as practically any other carrier to being an assured permanent dividend payer.

We recommend dealers' consideration, at this time, of all issues of
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International Hydro-Elec. 6s, 1944
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## Chicago Ass'n Of Stock Exchange Firms Elects

CHICAGO, Ill.—At the annual meeting of the Chicago Association of Stock Exchange Firms and the meeting of the Board of Governors of the Association, the following officers and governors were elected:

Chairman: Thomas E. Murchison, Paul H. Davis & Co.

Vice-Chairman: Reuben Thorson, Paine, Webber, Jackson & Curtis.

Treasurer: W. Edwin Stanley, Mitchell, Hutchins & Co.

Secretary and Assistant Treasurer: Whitney M. Sewart.

Governors to serve three years: Charles Perrigo, Hornblower & Weeks; J. C. Sturtevant, Hemphill, Noyes & Co.; Reuben Thorson, Paine, Webber, Jackson & Curtis; Farwell Winston, Shearson, Hammill & Co.

Governors to serve two years: W. C. Karlson, Lamson Bros. & Co.; Herbert M. Weil, H. Hentz & Co.

Members of the Nominating Committee to serve one year: Sampson Rogers, Jr., McMaster, Hutchinson & Co.; Philip W. Brockhaus, David A Noyes & Co.; Louis C. Henke, Swift, Henke & Co.; Thomas E. Hosty, Sincere & Co.; James M. Howe, Farwell, Chapman & Co.

## Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Dec. 9 price—40¼.

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# Bank and Insurance Stocks

## This Week — Insurance Stocks

(Continued from first page)

involving 198 capital stock fire insurance companies and the Southeastern Underwriters Association, has resulted in an indictment on certain counts. Specifically, according to an Associated Press dispatch of Nov. 20, 1942, "the indictment charged that a conspiracy was carried out by concerted action to charge non-competitive rates by paying uniform commissions to agents, adopting uniform reclassifications for all types of fire insurance and standard clauses relating to coverage; denying re-insurance facilities to non-association companies; withdrawing from agencies representing non-association companies; threatening to boycott concerns which did business with non-association companies; disparaging services offered by non-association companies; and maintaining inspection and rating bureaus and local groups and groups of agents to police the industry."

Now, all of these practices are not to be defended but the overall result to the insurance-buying public has had definite advantages. For example, the standardization of costs and coverage has been welcomed by the public because it eliminates the necessity of retaining a staff of lawyers to find out what they are getting. As consumers, we generally prefer to buy "standard" products and we are apt to be suspicious of articles which are not standard. Imagine the difficulty of trying to distinguish between 198 different policies costing 198 different prices.

When we buy a trade-marked can of soup, which we can do in any one of fifty stores, we know what we are getting and patronize either the shop which we like best or is most convenient to reach. Similarly, when we buy insurance, we like to take for granted the matter of coverage and rates so that we can concentrate on selecting the company or agency which we regard as most reliable.

Incidentally, as any insurance policyholder can testify, worlds of difference exist between the type of service which accompanies a given policy. Therefore, although rates and commissions may be identical, there is actually a wide range of value which he may receive for his insurance dollar. That is where the competition becomes very real — and very rugged indeed. Anyone who has ever been besieged by a succession of persistent and persuasive insurance agents will be amazed no end to learn that there is no competition involved.

As a matter of fact, the option available to insurance buyers goes much further. They are free, of course, to buy from a conference company, a non-conference company, a mutual company or from any other licensed underwriter. They have found from experience that they usually get about what they pay for and their acceptance of this principle is perhaps the highest tribute that they could render to any industry. In general, the public has apparently come to feel that, so long as they avoid fly-by-night companies and those that promise too much, they will receive a square deal and the protection which they need.

In 25 States, insurance commissioners have complete supervision of fire insurance rates for the dual purpose of maintaining a level which will prevent discrimination and, at the same time, enable the companies to fulfill their obligations. In six other States, there is partial supervision of rates. All in all, the State Insurance Departments, working jointly and severally, have compiled a supervisory record which stands second to none among Government agencies.

Fire insurance rates have shown a steady downward trend for several decades. In the past twenty years the rate per thousand has dropped from $1.05 to 65¢ over this period, according to an estimate by Alfred M. Best & Co., the average underwriting profit has been about 3% of fire insurance premiums written. In view of the industry's record for economical and efficient operation, there would not appear to be much evidence of monopolistic profits.

As a matter of fact, the centralization of certain functions (such as rating, inspection, etc.) has gone far toward eliminating wasteful duplication of facilities. It has not only made for economy and scientific rate-making but has provided the public with vastly better service than could otherwise be accomplished. It is to be hoped that, whatever the courts may ultimately decide, the many advantages and benefits provided by the present system may be retained. Such abuses as do exist should not be hard to correct. The important thing, in the eyes of impartial observers, is not to have anything happen which will disrupt the orderly, efficient processes that have been evolved over a long period of years nor which will tend to discredit the standing of an industry which, on the whole, has built up an enviable record for reliability and fair dealing.

## Savings Earn With Safety In Insured Investment

Quaker City Federal Savings and Loan Association, 1427 Walnut St., Philadelphia, Pa., will send upon request to investors, trustees and other fiduciaries a copy of their informative booklet explaining the desirability of investing funds in insured Federal Savings and Loan investments.

## Baruch On Arbitration Bd.

Dr. Herman B. Baruch, partner in H. Hentz & Co., 60 Beaver Street, New York City, has joined the Board of Directors of the American Arbitration Association, Lucius R. Eastman, Chairman of the Board, announced.

# Legal Oddities

## When The Traffic Plays Out

The Pine Tree Railway Company was earning its running expenses and an annual return of 25% on the invested capital.

"That's the highest form of highway robbery—8%'s a liberal return," the "demijohn demagogue" shouted.

"But our freight return is derived from lumber shipments alone, and our passenger traffic is entirely due to the lumber business," the president of the "Pine Tree Road" protested.

"Well, ain't their money as good's anybody's, as Jiggs said about the kangaroos?" the "friend of the people" contended.

"Yes—but the lumber will all be cut in 10 years."

"Well, you don't expect it to last forever, do you?"

"And the land's no good for anything else, so in less than 10 years our revenue will be gone."

"Well, what if it is?"

"And our road will be entirely worthless."

"Glad to hear it."

"So we're entitled to rates that not only give us a fair return on the money invested, but will also give us back the cost price of the line by the time the road's useless," the president argued.

"Yes—the poor downtrodden public has to pay for everything," the demagogue shouted, "and the capitalists have it all their own way."

"No—all we want is our own money back," the president retorted.

This point was dealt with by the Oregon Supreme Court in the case of the Hammond Lumber Company, reported in 189 Pacific Reporter, 630, where the evidence showed that the railway in question was depending entirely on lumber freight that would be exhausted in time, "when the plant would have only a scrap value. In other words, aside from the junk value of the plant, it would perish in the using," as the Court expressed the situation.

"We're entitled to a rate that'll give us a fair return on our investment, and also provide for depreciation right up to the vanishing point," the Company contended.

"No. You're only entitled to depreciation as a going business—you can't ask us to buy your road," the public argued.

In ruling in favor of the Company the Supreme Court of Oregon used the following significant language:

"A fully equipped railroad, built on a circle with a radius of a hundred miles from the North Pole, would be, at the present day, utterly valueless. There would be no traffic for it, and nothing to use it for. Differing only in degree would be a railroad running into a logged-off barren, where there was nothing for it to haul and no use to which it could be put. There was testimony from which the Commission could arrive at the conclusion that this would be the fate of the railroad here involved, in the near future. It was within the scope of the Commission's authority to establish such a rate as would amortize this depreciation, as well as to yield to the carrier a fair return for its services. To hold otherwise would be to say that when an individual or corporation devotes property to public uses, it amounts to a voluntary sacrifice or thank offering on the public altar. Under our Constitution no such gratuity is contemplated. In proper cases, under the law of eminent domain, the public may condemn and take the property of a private concern, of course accompanied by an award of just compensation. The individual may voluntarily devote his property to the public service, without awaiting condemnation, granting to the public the option of taking it and using it, but only on the condition that such remuneration shall be afforded as will enable the individual to come out even."

## DIVIDEND NOTICES

### Allied Chemical & Dye Corporation

**61 Broadway, New York**

December 4, 1942

Allied Chemical & Dye Corporation has declared a special dividend of One Dollar ($1.00) per share on the Common Stock of the Company, payable December 28, 1942, to common stockholders of record at the close of business December 14, 1942.

W. C. KING, *Secretary*

### J. I. Case Company

**Incorporated**

Racine, Wis., November 30, 1942.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable January 1st, 1943, and a dividend of $4.00 per share upon the outstanding Common Stock of this Company has been declared payable December 24, 1942, to holders of record at the close of business December 12, 1942.

THEO. JOHNSON, Secretary.

### EATON & HOWARD

**BALANCED FUND**

The Trustees have declared a dividend of 20 cents per share and an extra of 5 cents per share payable December 24, 1942 to shareholders of record at the close of business December 15, 1942.

December 4, 1942. 24 Federal St., Boston

### LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

*December 4th, 1942*

THE Board of Directors on December 2nd, 1942 declared a dividend at the rate of 50c. and $1.50 extra per share on the outstanding Common Stock of this Company, payable on December 31st, 1942 to stockholders of record at the close of business on December 18th, 1942. Checks will be mailed.

DAVID BERNSTEIN,
*Vice President & Treasurer*

### UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on January 15, 1943 to stockholders of record at the close of business December 23, 1942.

GEORGE MIXTER,
December 4, 1942 *Treasurer.*

## DIVIDEND NOTICES

### American Manufacturing Company

**NOBLE AND WEST STREETS**
**BROOKLYN, NEW YORK**

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on December 19th, 1942 until January 2nd, 1943. Directors' meeting will be held on Friday, December 18th, 1942.

ROBERT B. BROWN, *Treasurer.*

**OFFICE OF**
**LOUISVILLE GAS AND ELECTRIC COMPANY**
**CHICAGO ILLINOIS**

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on December 4, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending November 30, 1942, payable by check December 23, 1942, to stockholders of record as of the close of business December 15, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending November 30, 1942, payable by check January 27, 1943, to stockholders of record as of the close of business December 15, 1942.

G. W. KNOUREK, Treasurer.

### New York & Honduras Rosario Mining Company

**126 Broadway, New York, N. Y.**

December 9th, 1942.

DIVIDEND NO. 361

The Board of Directors of this Company, at a meeting held this day, declared a dividend of One Dollar ($1.00) per share on the outstanding capital stock, payable on December 26th, 1942, to stockholders of record at the close of business on December 16th, 1942. This distribution represents the final dividend in respect of earnings for the year 1942.

WILLIAM C. LANGLEY, Treasurer.

### THE TEXAS COMPANY

161st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on January 2, 1943, to stockholders of record as shown by the books of the company at the close of business on December 4, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
*November 19, 1942* *Treasurer*

## FINANCIAL NOTICE

To the Holders of

### The Lehigh Valley Coal Company

**First and Refunding Mortgage Sinking Fund Bonds**

**Due February 1, 1944**

NOTICE IS HEREBY GIVEN That The Lehigh Valley Coal Company has made provision for the retirement of all of its outstanding First and Refunding Mortgage Sinking Fund Bonds, 5% Series of 1924, due February 1, 1944 (both stamped and unstamped), by paying into the Sinking Fund with respect to such series an amount sufficient to redeem and pay off all of said Bonds due February 1, 1944, on February 1, 1943. Said moneys are held by Fidelity-Philadelphia Trust Company, as Trustee under the Indenture dated February 1, 1924, securing said Bonds, to be applied in accordance with the applicable Sinking Fund provisions thereof to the purchase of said Bonds due February 1, 1944, and to the redemption on August 1, 1943 of any of said Bonds not previously purchased. Interest will cease on such redemption date August 1, 1943.

On or prior to February 1, 1943, said Trustee may acquire such Bonds for the Sinking Fund at prices not in excess of 100¼% of the principal amount thereof, plus the full amount of the interest coupon due February 1, 1943, and after February 1, 1943 and until August 1, 1943, at prices not in excess of 100% of such principal amount, plus accrued interest to date of presentation.

To facilitate the operation of the Sinking Fund, The Lehigh Valley Coal Company will itself purchase for tender by it to the Sinking Fund, any of said Bonds due February 1, 1944, which the holders thereof may tender to it on or before February 1, 1943, at not in excess of 100¼% of the principal amount, plus accrued interest to February 1, 1943, at the office of The First National Bank of the City of New York, 2 Wall Street, New York, N. Y., or at the office of Drexel & Co., 15th and Walnut Streets, Philadelphia, Pennsylvania. All Bonds so tendered must bear all interest coupons maturing on and after February 1, 1943.

THE LEHIGH VALLEY COAL COMPANY
Dated December 1, 1942. *By* L. R. CLOSE, *President*

# The Securities Salesman's Corner

(Continued from page 2051)

out the industry. There seems to be a misunderstanding of the functions an investment dealer performs when he sells securities to his client. Once we get this point cleared up there should be a much better understanding all around for the justification of ample profit margins in the securities business.

The securities dealer is both a merchant of investments and at the same time he is an advisor on financial matters. Possibly a true analogy of a successful and competent dealer's function could be likened to a druggist who carries a widely diversified stock of all kinds of drugs. But, unlike the druggist who only fills prescriptions which have been made out by the doctor (after the doctor has made the diagnosis of the patient's needs), the securities dealer makes the diagnosis and writes and fills the prescription.

A securities dealer who sells the wrong securities to his clients, so that their financial health will be impaired, most certainly would be committing an economic injury. Whereas a securities dealer who made a correct diagnosis of his client's investment problems and who has saved money for his client, has increased his income and safeguarded his principal, is doing an economic good. From a practical standpoint the customer who has been well taken care of should not care a tinker's hoot how much profit his dealer made if he has reason to feel satisfied with the investment job that has been done for him. On the other hand, the fellow who has called up his broker and filled his bank box with a collection of cats and dogs that he bought on hunches or someone's good tips, has no reason at all to feel happy about the small commissions which were charged him for doing nothing more than executing some simple mechanical transactions.

We have never yet run across a satisfied customer in any line of business that kicked because his dealer made too much profit. It is only when people get inferior merchandise, poor service, or pay too much for something not suited to their requirements, that they begin to complain. Good merchandising policy in any line of business insists upon treating the customer fairly so that he will come back again. In this respect, the securities business is no different from any other kind of business.

Next week we will present an idea dealing with the sales aspect of the problem of how to sell your clients on the idea that you're entitled to a good healthy profit. This thought can be sold to your clients and once the point is made clear, it is possible to eliminate many of the headaches that come about through the activities of those securities buyers who attempt to be price chiselers.

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FINANCIAL NOTICE

*To the Holders of*

## The Chesapeake and Ohio Railway Company

**Refunding and Improvement Mortgage 0.60% Bonds, Series G-2, due February 1, 1943.**

The undersigned hereby offers to purchase on or before December 30, 1942, for retirement, any and all of the above-described bonds at their principal amount, together with interest thereon at the coupon rate to the date of maturity, February 1, 1943.

Said bonds should be presented at the office of J. P. Morgan & Co. Incorporated, 23 Wall Street, New York, N. Y., with coupons due February 1, 1943, attached, accompanied (unless the owner be a domestic corporation) by Federal income tax ownership certificates with respect to the said February 1, 1943, instalment of interest. Bonds so presented which are registered as to principal amount should be accompanied by proper instruments of assignment and transfer in cases where payment to anyone other than the registered owner is desired.

Since bonds so presented will be surrendered to the Company for extinguishment, no Federal transfer tax will be incurred.

THE CHESAPEAKE AND OHIO RAILWAY COMPANY
By H. F. LOHMEYER, Secretary.

Cleveland, Ohio, November 23, 1942.

*To the Holders of*

## Chesapeake and Ohio Equipment Trust of 1937

**2% Equipment Trust Certificates, due March 1, 1943.**

The undersigned hereby offers to purchase on or before December 30, 1942, for retirement, any and all of the above-described Equipment Trust Certificates at their principal amount, together with interest thereon at the dividend rate to the date of maturity, March 1, 1943.

Said certificates should be presented at the office of J. P. Morgan & Co. Incorporated, 23 Wall Street, New York, N. Y., with dividend warrants due March 1, 1943, attached, accompanied (unless the owner be a domestic corporation) by Federal income tax ownership certificates with respect to the said March 1, 1943, instalment of interest. Equipment Trust Certificates so presented which are registered as to principal amount should be accompanied by proper instruments of assignment and transfer in cases where payment to anyone other than the registered owner is desired.

Since certificates so presented will be surrendered to the Company for extinguishment, no Federal transfer tax will be incurred.

THE CHESAPEAKE AND OHIO RAILWAY COMPANY
By H. F. LOHMEYER, Secretary.

Cleveland, Ohio, November 23, 1942.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
*Branches throughout Scotland*

LONDON OFFICES:
*3 Bishopsgate, E. C. 2*
*8 West Smithfield, E. C. 1*
*49 Charing Cross, S. W. 1*
*Burlington Gardens, W. 1*
*64 New Bond Street, W. 1*

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

**Australia and New Zealand**

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

| | |
|---|---|
| Paid-Up Capital | £8,780,000 |
| Reserve Fund | 6,150,000 |
| Reserve Liability of Prop. | 8,780,000 |
| | £23,710,000 |

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1

Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
*Commercial Register No. 1 Cairo*

FULLY PAID CAPITAL . £3,000,000
RESERVE FUND . . . £3,000,000

*LONDON AGENCY*
6 and 7 King William Street, E. C.

*Branches in all the principal Towns in*
EGYPT and the SUDAN

## Real Estate Situation Offers Possibilities

The 5½% income leasehold mortgage bonds of the Morrison Hotel offer unusual possibilities, according to a circular prepared by Kneeland & Co., Inc., Board of Trade Building, Chicago, Ill., which states that present net earnings are about "four times" requirements; gross earnings before maintenance, repairs and depreciation in excess of "seven times" requirements; prior years' losses result in income tax advantage; permanent tax benefits accrue through allowances for repairs, maintenance and depreciation charges; leverage possibilities — stock attached to bonds; ratio of gross and net earnings to funded debt; physical condition of property; low market price vs. replacement value; after war possibilities — result of closing of competitive hotels, and estimated current position as of Dec. 31st.

Copies of this interesting circular may be had from Kneeland & Co. upon request.

## Snowplows Sent To Rescue "Doc" Williams

George "Doc" Williams of Kennedy & Co., Land Title Building, Philadelphia, Pa., has been on his annual hunting trip in Coudersport, Pa., where he has been snowed in in his cabin. Snow plows have been sent out to rescue him.

ABS
AMERICAN
*Business Shares, Inc.*

*Prospectus on request*

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

# Investment Trusts

## "DECEMBER OPPORTUNITY"

"Most experienced analysts and observers regard the current dip as a minor readjustment in a market which has every reason to make substantial further progress. . . .

"We have no idea of the exact date on which the market trend may be expected to reverse itself but we do feel that the current recession should be regarded as an opportunity for the accumulation of sound equity securities."—From the current issue of Hugh W. Long & Co.'s "New York Letter."

* * *

"Price Appreciation Gains New Importance," says Lord, Abbett in the latest issue of "Abstracts." The new tax law makes the objective of capital gain more desirable than high income, particularly for individuals in the upper and upper middle income brackets. And since the new rates start at 19%, long-term profits are now relatively more attractive even for the "little fellow."

"Abstracts" goes on to point out that Affiliated Fund is basically an investment medium for attainment of capital gain by reason of the leverage in the common stock. The present effective leverage (number of dollars invested for each dollar of common stock asset value) is 191%. In other words, for each $1,000 invested in the common stock, there is $1,916 at work.

* * *

National Securities & Research Corp.'s current issue of "Investment Timing" contains an excellent discussion of the future of Latin-American securities by that organization's consulting economist, Dr. Max Winkler. Of particular significance are the figures on per capital debt and wealth for all North and South American countries. Startling comparisons are made between the ratio of wealth to per capita debt in the United States (2.62) and such countries as Argentina (12.34), Venezuela (32.50) and Colombia (41.00).

With regard to the intermediate trend of stock prices, the service states: "Market indications continue to point to lower prices before any sustained upward movement occurs."

* * *

Investment companies, by and large, have co-operated wholeheartedly in our Government's drive to raise funds for the war effort through sale of bonds. Considerable space is given regularly in their literature to promotion of this cause. However, the current issue of Keystone Corp.'s "Keynotes" is the first investment company publication (so far as this column is aware), which has been devoted entirely to the sale of Government bonds.

". . . And Pass the Ammunition" is the title of this bulletin. It contains brief descriptions of the various special Government issues available, and refers those interested to their investment dealers or brokers, who "will supply additional information, and will be glad to execute your orders."

* * *

Hare's, Ltd., has sent a letter to affiliated dealers suggesting the desirability of presenting Aviation Group Shares, Bank Group Shares and Insurance Group Shares as a combined investment. A revised folder showing the results of the three groups individually and together as compared with the Dow-Jones Composite Averages accompanies the letter. The comparison covers the period from July 19, 1939, to October 10, 1942, and shows an average gain for the three groups amounting to 4.8% as against a loss of 8.4% for the averages.

* * *

In the first 11 months of 1942 the dollar value of Dividend Shares purchased was 52% greater than in the corresponding period of 1941. Reporting this fact, Calvin Bullock's "Bulletin" for December 3 lays particular emphasis on stocks as one of the most desirable types of holdings under present conditions.

* * *

Distributors Group is out with an interesting issue of "Railroad News" in support of the Railroad Shares of Group Securities. The following quotation from "Railway Age" is cited as a demonstration of the increased efficiency of the railroads:

"In August, 1942—latest month for which statistics are available—each freight locomotive, on the average, traveled 106 miles daily as compared with less than 67 in August, 1929; each train had 53.5 cars, as compared with 50; each freight car traveled 49 miles daily, as compared with 36; and each loaded freight car carried 36.2 tons, as compared with 27.5. In consequence in August, 1942, each train rendered 52% more freight service hourly, and each car 70% more service daily, than in August, 1929."

* * *

The sponsors of Selected American Shares have done some detailed figuring on the advantages to large investors of receiving income in the form of tax exempt dividends from an investment company in position to pay such dividends this year. The results are published in a three-page

(Continued on page 2062)

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

# Municipal News & Notes

Prior to yesterday there was every reason to believe that the current month would likely prove to be one of the dullest of any period in the municipal field during the present year. Although the activity in recent months—and for the entire year for that matter—was not exactly of hectic proportions, the outlook, at least as of Tuesday, was singularly unimpressive. The situation since then has improved, due to the announcements on Wednesday of two proposed new borrowings of important size. Only one of these sales is scheduled to take place in the present month, however, this being the $3,140,000 Richmond, Va., offering, for which bids will be considered on Dec. 16.

**The other deal consists of an offering, on Feb. 1, 1943, of $4,100,000 State of Arizona refunding bonds for account of Maricopa County. Proceeds of this sale will be applied to the redemption of outstanding 5½% and 6% county road bonds, maturing serially to 1951, which a decision of the Arizona Supreme Court held were subject to prior redemption, despite the fact that they had been issued without a call provision and accordingly had always been considered nonoptional.**

The court, however, upheld the county's contention that the statute under which the bonds were issued provided that the bonds were subject to advance redemption. The immediate effect of the ruling was to require the State, through its Loan Commissioners, to proceed with the refunding of the Maricopa County issues on the county's behalf.

**The Supreme Court decision, moreover, as previously noted in this space last week, is so broad in implication as to apply with equal force in the case of any bonds issued since 1913 by all of the State's counties, municipalities and school districts.**

In connection with the Phoenix, Ariz., $339,000 refunding bonds being offered for sale on Dec. 22, the attorneys who will furnish the legal opinion, Messrs. Gust, Rosenfeld, Divelbess, Robinette & Coolidge of Phoenix, have stated that "the existing opinion of the (Arizona) Supreme Court (in the Maricopa County case) is so broad in its implication that our opinion on the (Phoenix) refunding bonds as well as other municipal and school district bonds that may be issued prior to a further declaration by the Supreme Court on the question must necessarily refer to said decision and the possibility that said bonds will be subject to call at any time."

Except for the Richmond, Va., offering, incidentally, the calendar of prospective financing for the balance of the present month is extremely anaemic. At this writing, for example, there is less than a handful of new issues of general market interest in the hopper and the largest sale scheduled consists of $600,000 by Allentown, Pa.

**Moreover, all signs point to a tapering off of the rather extensive liquidation of municipals that was responsible for much of the market activity in past weeks. This may not be an entirely depressing development, incidentally, as it will afford the market a needed "breathing spell." That some relief is necessary is reflected in the fact that recent new offerings of "grade A plus" character have not been too rapidly absorved.**

In any event, there is no question but that the technical position of the market calls for improvement. It is necessary to observe, also, that the current huge Treasury financing operation will act as a brake on general activity. Naturally, the municipal fraternity, in company with all other branches of the investment banking field, enlisted in the campaign to bring the Government operation to a speedy and successful conclusion.

**Looking ahead to possible future developments of concern to the municipal field, one factor of prime importance appears on the horizon. This deals with the matter of tax-exemption on municipal securities. There would appear to be good reason to expect a re-opening of the subject by the Federal administration.**

It has long been obvious, of course, that despite emphatic rejection by Congress of the demands of the Administration for elimination of the tax exemption feature, the forces behind this move have not, by any means, been content to abandon the fight. They may be expected to resume the attack, using a different approach, possibly through the medium of the recent agitation that a $25,000 ceiling be imposed on incomes, from both earned and unearned sources.

While it is still difficult to believe that any such move would be approved by the Congress, particularly with respect to the incoming law-makers, it is a possibility that cannot be dismissed without consideration.

## Memphis, Tenn., Utility Projects Show Gains

Total operating revenues of the city's municipally-owned electric light, gas and water systems for the 12-month period ending in October were $12,578,803, while operating expenses reached $7,067,667, leaving a net operating revenue for the period of $5,511,135. After deductions for bond interest, sinking fund appropriations, renewal and replacement charges, the combined facilities had an unencumbered profit for the 12 months of $2,803,812, according to the financial statement recently issued by City Commissioner Fredericks.

**The electric light department, alone, showed an increase of nearly $400,000 in operating revenue over the previous year, although additional sinking fund appropriations reduced the net profit by about $100,000.**

**Maj. Thomas H. Allen, president of the Light, Gas & Water Commission, said the increases in the revenues did not justify any further reduction in rates, other than the elimination of the 15 per cent surcharge on residential electric rates next April. He said sinking fund appropriations in the Electric Department for 1941-42 total $380,171, while the same appropriation was only $157,999 in 1940-41.**

The gas and water business, also, showed substantial increases in operating revenues, the income in the Gas Department showing an increase of $691,552, and the yield in the Water Department being up $132,984,

In the Gas Department, Major Allen said "we are running all right, spending less than we are making." Net profit as of Oct. 31, 1942, is $1,433,230 compared with $919,458 at the same date last year.

In connection with the Water Division, the profit of which is $366,440.11 as of Oct. 31, 1942, compared with $259,205.37 at the same date in 1941, Major Allen said "current construction must be paid for out of profits."

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Even with the operating expenses of the Electric Department up $278,792 for the 12-month period, the department still showed a $115,941 increase in net revenue from operations over the same months of 1940-41.

In the Gas Department the operating expenses increased $263,271, leaving a net revenue from operations of $428,280.

Operating expenses in the Water Division were up $37,251, showing a net revenue from operation of $95,727.

## WPA Liquidation May Increase Local Relief Costs

Liquidation of the Work Projects Administration was ordered by President Roosevelt on Dec. 4, in a letter addressed to Major General Philip B. Fleming, Federal Works Administrator. The latter was instructed to close out all project operations in "many" States by Feb. 1, 1943, and in other States "as soon thereafter as feasible." Subsequent to the President's order, the War Production Board revoked priorities and directed immediate cessation of work on 20 school projects being constructed with WPA assistance. Federal appropriations for the agency during the past seven years aggregated $10,468,276,000. The President noted that a "large amount" of the appropriation for this fiscal year could be conserved and that there would be no need to provide WPA funds in the next fiscal year budget.

**Federal Works Agency officials stated that an exact time table for State-by-State liquidation of the WPA would be prepared and observed that New York State WPA still has 32,753 persons on its rolls, the largest number of any State, with the New York City total at 25,776, the largest of any city. Officials of both the State and the City indicated that ending of the WPA would mean added home relief costs for both levels of government, also other localities. David C. Adie, Commissioner of New York State Department of Social Welfare, declared that not all of the released workers would be able to find jobs in private industry, "because of age, health and other handicaps."**

## N. Y. City Reports Funded Debt Decrease

The city effected a reduction of $33,088,148 in its funded debt during the fiscal year 1941-1942, according to the consolidated annual report for the period which was issued Dec. 7 by City Comptroller Joseph P. McGoldrick. The net funded debt on June 30, 1942, was $2,477,013,798 as against $2,510,101,946 on July 1, 1941. The cash basis, on a voucher basis, amounted to $76,145,569 at the fiscal year end.

The temporary debt of the city on June 30, 1942, amounted to $82,260,000, of which $32,000,000 represented borrowings on revenue bills against the tax levy of 1941-1942. The total funded indebtedness of the city outstanding on June 30, 1942, amounted to $3,033,346,155 against which have been accumulated sinking fund assets of $556,332,356, making the net funded debt of the city $2,477,013,798. The greater portion of this debt represents investments in revnue producing public enterprises.

**The Comptroller warned that he had during the past year emphasized that the city is facing a serious situation with respect to the expense budget because for a number of years there has been a steady decline in assessed valuations. The Comptroller intimated that it is likely that there would be further decrease in assessed valuations of real estate, although the position of many classes of real estate has improved with the wartime boom. The assessments in 1932 amounted to $19,616,934,929, and for the year 1941-1942 the total was $16,223,134,726.**

Mr. McGoldrick stated in his report that the debt incurring power of the city is limited by the State Constitution to 10% of a five year average of the total assessed valuation of taxable real estate. The margin of debt incurring power at June 30, 1942, after making necessary reservations of capital projects authorized, amounted to $153,050,538, as compared to $111,960,890 at June 30, 1941. This improvement is due mainly to the established policy of the city in curtailing its capital projects during the war.

Only a small fraction of the normal program is being undertaken, and it is limited to the completion of certain projects. The present margin represents a considerable improvement over the figure at January 1, 1940, at which time the unreserved margin was only $29,907,566.

## Scores Federal Policy In Local Labor Disputes

The National Institute of Municipal Law Officers, in a resolution adopted at the final session of its three-day war conference in New York City on Dec. 4, denounced the National War Labor Board "for its unwarranted assertion of jurisdiction over disputes between municipalities and municipal employees." The majority of a mediation panel recommended on Nov. 12 that the board take jurisdiction of the dispute between the Newark, N. J., Department of Public Works, and the State, County and Municipal Workers of America, a CIO affiliate. The dispute precipitated a 6-day strike of 400 city employees in October.

A vigorous dissent to the majority panel report was filed by George K. Batt, representing employers, whose minority report stated that the WLB "should not attempt to interfere with wages, hours or working conditions for public employees where, as a matter of law, these conditions are fixed by the (State) Legislature, the Civil Service Commission or the proper municipal governing body."

**Continuing, Mr. Batt declared that "government is the will and instrument of the people" and "even a great emergency such as the present war cannot change this principle." The Newark case, he added, "involves a basic principle of whether or not Government employees have the right to strike" and maintained that "to admit that a union of public employees has the right to strike and picket a public enterprise .... would be to pass control over Government from the voters and their elected representatives into the hands of union officials."**

The resolution of the Municipal Law Officers observed that "such an assertion" of jurisdiction by the WLB contains the first official implication in the history of the United States that municipal employees are free to strike against their employers, the people, "and maintained that it is a violation of the Constitution" and "an attempt to destroy the independence of local government in the United States." The law officers, although thus criticizing the WLB, unanimously voted confidence in the "wisdom and wartime leadership" of President Roosevelt and pledged its fullest co-operation.

## Chattanooga Ends Fiscal Year With Surplus

The above city, which is now in the process of completing a program of equalizing or levelling off its entire debt, closed the fiscal year ending June 30, 1942, with an operating surplus and no current indebtedness, it was revealed recently by Wainwright, Ramsey & Lancaster of New York City, financial consultants acting for the city in the execution of the plan.

**"As part of the program, the city adopted a strict cash-basis method of budget making and incorporated it as a provision in the new bond contract, thereby making the provision mandatory," the firm's announcement said. "Just prior to the close of the 1940-41 fiscal year the city funded a current account deficit of $250,000, which it had been carrying with little variation since 1935. This enabled the city to start the 1941-42 fiscal year under the new method of budget operations with its current account in balance.**

"Results to date are particularly satisfactory since the Debt Equalization Program calls for a speedup in the rate of debt retirement of $100,000 a year. The over-all 1942-43 budget provides for the full amount of principal and interest payments called for under the plan and is balanced at the level of actual cash collections in the previous fiscal year. Assessed valuations on which the current budget is based reflect an increase of approximately $2,200,000, showing a continuation of the upward trend which started in 1937."

## Local Tax Collection Prospects Favorable

Prospects for municipal tax collections are at least "good" this year despite added Federal taxes and other drains on taxpayers' purses, the Municipal Finance Officers Association said recently after reviewing factors affecting local revenues.

Making heavy demands on taxpayer income and tending to delay payment of local taxes, are war bond purchases and community chest increases, added Federal income and excise taxes, higher living costs, and increased cost of domestic help. Also affecting local collections are the curtailment and closing of certain businesses.

Lessening the demand on private incomes, on the other hand, are such factors as rationing of automobiles, gasoline, household appliances and radios, and stoppage of new building and extensive repairs on old.

Changing incomes — higher for some groups and lower for others —probably will be reflected in local tax collections also, the Association said. The wage earner in war industries may see his income rise as much as 70%, along with the rising incomes of large business and industry engaged in war work. In the salaried group increased compensation comes slowly and in small amounts; among professionals, physicians' and engineers' incomes are up, lawyers' are down.

Local transportation companies will show greater revenues this year, and can be expected to pay property and utility taxes more promptly. Water, electric and gas companies likewise will show larger incomes, especially in defense areas, as will publicly owned utilities in such areas.

**If local finance officers inform taxpayers that local taxes paid are deductible from Fed-**

**eral income tax returns, and if collections are pushed they should be better in 1942-43 than they have been for some time, according to the Association. After 1943, however, collections may be expected to decline somewhat.**

Though men in the armed forces legally may delay paying local taxes until after the war, many of them will prefer to pay now, the Association said, and cities should see they are billed properly. Every means should be used, also, to collect taxes due from businesses about to close.

Newspaper publicity and advertising will aid in tax collections and cities which bill and collect taxes on a monthly or quarterly basis may find the method particularly effective these days when paychecks are larger.

### Sees Local Taxes Affected By Increased Federal Burdens

Local tax collections will suffer in 1943 and 1944 because of increasing Federal burdens, Henry F. Long, Massachusetts State Tax Commissioner, declared recently in an address at the 53rd annual Massachusetts Conference on Problems on Local Taxation.

Many who would pay the high Federal taxes had not yet accustomed themselves to such assessments, he said. The result would probably be that the Federal taxes would be paid first, with payment of local taxes lagging.

**Real estate owners might not be in a position to pay their local taxes, both because of the high wartime Federal taxes and because of loss of revenue, he said. For that reason, he urged tax assessors to set their rates as low as possible.**

There could be no increase in real property valuations, and little could be added to the tax on personal property. The State's receipts on liquor taxes would disappear when the present warehouse stocks were exhausted, and the cigarette tax would depend on the ability of tobacco growers and manufacturers to secure employes.

### Voters Defeat Old Age Pension Increases

Old age pension increases failed, tax measures got mixed reception, and legislators' pay was raised as a result of Nov. 3 balloting on more than 120 constitutional amendments, referred and initiated measures in 32 States, according to a survey by the Council of State Governments. Approximately one-half the proposals submitted received voters' approval.

**Old age pensions of a $40 a month minimum for all needy aged were defeated in Washington and Idaho; in Missouri a similar measure was crossed off the ballot before election. The Washington measure was combined with a proposal to extend free medical and dental care to residents on relief. Idaho electors favored the $40 pensions almost 2 to 1, but the affirmative vote did not represent a majority of the votes cast for Governor, necessary for initiative approval.**

In two other States measures which received majority approval failed because of the same legal requirements. These were the Illinois proposal to remove the 2-cent sales tax on food, and the Oklahoma amendment to permit women to hold high State offices.

New tax proposals in Oregon, Washington and Utah were rejected. Oregon defeated a cigarette levy, Washington an income tax, and Utah a graduated tax on chain stores.

Most of the proposals to remove taxes were defeated, also. Besides the sales tax amendment which lost in Illinois, a Florida proposal to broaden the tax exemption of religious and charitable institutions failed, along with the California proposal to repeal the State income tax.

**Tax exemptions succeeding were those in Nevada, where exemption of stocks, bonds and similar investments was approved, along with prohibition of an inheritance tax levy; and in Louisiana, where voters authorized the Legislature to extend the $2,000 homestead exemption provision to local taxes, and to grant tax exemption for 25 years on power lines of electric cooperatives.**

California voters declined to substitute annual legislative sessions — and annual budgets — for the present biennial system, and New Mexico voters defeated a proposal to split regular legislative sessions into two terms divided by a 30-day recess.

Of the other legislative measures, New Hampshire's amendment cutting the size of the House of Representatives from 443 to 375 or 400 was approved. Colorado's amendment limiting legislative sessions to 100 days and abolishing the practice of introducing bills by title only is in doubt, requiring official canvass. New Mexico turned down reapportionment of its Legislature, while Louisiana approved such a measure. Missouri voters approved the calling of a convention to revise its constitution, while Michigan voters defeated a similar proposal.

### Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

**December 15**

**$600,00 Allentown, Pa.**

At previous sale, several years ago, successful bidder was account of Smith, Barney & Co. and Lazard Freres & Co. Second high offer made by First Boston Corp. and Associates.

**December 16**

**$3,140,000 Richmond, Va.**

In June, 1941, large issue was awarded to group headed by Shields & Co., New York, and next best bid was made by Bankers Trust Co. of New York, and Associates.

**Feb. 1, 1943**

**$4,100,000 Maricopa Co., Ariz.**

Bids for these bonds will be received by the State Treasurer in behalf of the county. Comment on this financing is made in the forepart of today's "News and Views."

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*KEEPING THE FAITH*

There are reasons aplenty why American families received over a billion, seven hundred million dollars from their life insurance policies in the first nine months this year.

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★

That promise was kept. And hundreds, thousands, millions like it have been kept, from that day to this . . . And life insurance will keep right on keeping the promises it makes.

The foundation of faith so diligently laid by the pioneering agent has been built upon by every succeeding generation of life insurance men.

And today's life underwriter, ingrained with worthy traditions and trained for efficient service, from Newville to New York, is keeping the faith.

*Massachusetts Mutual*
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What *Every Woman* wants to know about a Man . .

. . . that he chooses flowers for her, and Old Schenley, *America's mildest bottled in bond*, for his guests!

First in Quality
OLD SCHENLEY
America's Mildest
BOTTLED IN BOND
SIX 6 YEARS OLD
BOTTLED IN BOND
OLD SCHENLEY
Straight Bourbon Whiskey

*Milder! . . Older! . . Better!*

Straight Bourbon Whiskey — 100 Proof — This Whiskey is 6 Years Old.
Stagg-Finch Distillers Corporation, N. Y. C.

## Tomorrow's Markets Walter Whyte Says——

(Continued from page 2053)

portant parts in the very continuance of free markets, smacks too much of the ivory tower.

* * *

True, the market still reflects the opinions of well informed sources who know what is happening. But no opinion, no matter how well informed, can anticipate revolutionary changes of a world at war and its economic consequences. The best the market can do is to reflect it. Old barometers calibrated on experiences of the past cannot measure it.

* * *

The only yardstick which applies today as it did before is mass opinion. That is to say the peculiar quality the public has of being wrong more often than right still obtains. Here is an example:

Public sentiment a few weeks ago was widespread in the belief that the end of the war was in sight. Most of this feeling was undoubtedly based on our successful invasion of the French African Coast.

* * *

The market gave few clues to a proper interpretation. It was one of these markets that not being able to decide what it meant, did nothing. The public, impatient with the market's inactivity, decided to place its own interpretation on the news. As a result, the war stocks were sold and the peace stocks were bought.

* * *

But if there is one thing the market does not pay off on it's wishful thinking. If anybody took the trouble to analyze the realities as they existed at the time of the North African invasion they would have realized that to even think that the end of the war was in sight was wishful thinking in the n'th degree.

* * *

The Japs still hold Indo-China, large areas of China proper, the Philippines, Malaya, the Dutch East Indies, Burma, hundred of islands in the Southwest Pacific and a foothold in the Aleutians. And only a miracle kept the Hawaiians out of their hands.

* * *

On the European continent the Axis still has all of France, Holland, Poland, Belgium, the Balkans, most of European Russia and an important part of African Mediterranean Coast.

* * *

Since Dec. 7, we've slowly and painfully managed to wrest Guadalcanal, most of New Guinea and a few islands back from the Japs. On the European front our side has managed to drive the Nazis back from Stalingrad; from Cairo, and we have obtained a base in North Africa.

* * *

But already we see in our papers that instead of the French African invasion being the beginning of the end, we are hard put to hold what we have gained. The Axis seems to have air superiority, and despite our hitting at their lines of communications they are able to land daily upwards of 1,000 men around Tunis.

* * *

Back on the home front we now read that production, which we were told would give our side all the aces, is not holding up. Where to place the blame is not so important as the fact that the results we were promised have not arrived.

* * *

In Congress we see a membership, theoretically in session, running around the country, or at least being any place but where it's supposed to be doing its sworn job. Filibusters are the order of the day. The latest one is Sen. Pat McCarran's, who seems determined to keep silver at $1.29. The Government needs silver for war weapons, but McCarran opposes its use for non-monetary purposes unless it pays the artificial price.

* * *

The farm bloc has also begun maneuvering to get its interpretation of parity applied to agricultural products. The fact that agricultural products may take some $3,000,000,000 more out of the nation's pocketbook is lightly ignored.

* * *

This picture of a war-Congress at work is no laughing matter. The market doesn't find it amusing, and neither will you if some of the present schemes become laws and take their bite out of your long suffering pocketbook.

* * *

Still, in spite of existing conditions the market, up to last Monday night, didn't act disturbed. But if Monday's market didn't ring any bells of celebration, Tuesday's market began giving off little tinkles of alarm.

* * *

For a month now the market has been between a high of 117 (with the exception of a one day's figure of 118) and a low of about 114. One day it crawled up, the next it crawled back. It wasn't until last week that it began to show signs of wanting to go up. Acting on market action, I recommended two stocks.

* * *

But as this is being written the market is in a position where it must hold not only each previous day's gains but must keep itself above its previous day's lows. A violation of any previous day's lows may well start off another decline it won't be comfortable to sit through. In the light of the above, the critical levels in the stocks you hold become more important. The stocks and the prices under which they should not be carried are:

* * *

Air reduction bought at 30, stop at 35. Goodyear bought (last week) at 22½, stop at 21. International Harvester bought at 43, raise stop to 53. Superheater bought (last week) at 13½, raise stop from 11 to 12.

* * *

More next Thursday.

—Walter Whyte

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

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# UP-TOWN AFTER 3

### PLAYS

**"R. U. R.," a revival of Karl Capek's play. Presented by Silberman and Blank at the Barrymore Theatre, N. Y. With Hugo Haas, Edith Atwater, Horace Braham, Gordon Oliver, Hunter Gardner, Louis Hector, Reginald Mason, Katherine Balfour and others. Directed by Lee Strasburg; sets by Boris Aronson. (Reviewed Friday, Dec. 4, 1942).**

For years I have heard of the excellence of "R. U. R." People who had seen it years ago told me it was way ahead of its time; it was "the play of the century." So when its revival was announced I was eager to see it. Well, two decades ago it may have been all its critics said of it; but today, with other and bigger problems facing the world, the problems posed by "R. U. R." seem strange and unreal. Taking it as a play, the idea of man-made robots coming to life and wiping out mankind, then they in turn dying out because of inability to recreate, is a novel one. The trouble is the presentation itself is lifeless and constantly loses itself in a welter of talk. As I understand it, Capek meant "R. U. R." to be a diatribe against the machine. He pointed a moral wherein he said man's constant search for machines had in it the seeds of man's undoing. In the revival an effort is made to draw an analogy between the mystical robot menace of 20 years ago and the Nazi menace of today. But the analogy is seldom well drawn and constantly bogs down in long-winded conversations. The cast tries hard, but neither the present cast, or any other, can put spirit into lines which are so dull.

---

**"Casablanca"** (Warner) was scheduled for release sometime in February. But with the French African invasion news increasing present boxoffice potential, the date was set back. The movie, a fast-moving melodrama, has, however, little to do with the news headlines. It deals with frightened refugees huddled in Casablanca, who try frantically to obtain exit visas. A couple of oily scoundrels, operators in the black market, sell these precious bits of paper to the highest bidders. One of these connivers leaves some exit visas with Humphrey Bogart. Ingrid Bergman and her husband, Paul Henreid, head of the Czech underground, call for them but run against a snag. Seems that Miss Bergman is the girl Bogart met and lost in Paris before the invasion, and feeling bitter, refuses to give them up. How the whole thing comes out is an exciting yarn. . . . **"White Cargo"** (MGM) is the latest Hedy Lamarr opus with the gorgeous Hedy as the slinking mixed-breed, Tondelayo, who keeps things in the jungle ahopping. Wearing something called a lurong, which is what a sarong is to Dorothy Lamour, Miss Lamarr carries her desire to make "tiffin" for the downy-cheeked young Englishmen to the point where she not only marries one, but dies from it. Movie has three things to recommend it. Miss Lamarr's epidermal display; Walter Pidgeon's performance, and Frank Morgan's characterization of the drunken doctor.

### AROUND THE TOWN

New York may not be a boom town but if you go around to night clubs on weekends you'd never know it. Trying to find room to stand in at a night club these weekends is as difficult as doing a full stretch in a phone booth preempted by a large man with a bass drum. One of the few places which hasn't permitted the rush of business to go to its head is the **Penthouse Club**, fifteen stories above Central Park. Primarily, a restaurant of the better sort, it has accommodations for just so many. After that the rope goes up. Result is a comfortable table not only for dinner but also for supper when the entertainment begins. Entertainment here is of the unobtrusive sort. You can not only talk with your companion; you can even whisper. You don't have to shout to make yourself heard. . . . **The Versailles** (151 E. 50th) announces its new musical revue scheduled to open Dec. 17th, will have the portly Elsa Maxwell in the front line. Management doesn't say what Miss Maxwell will do; ride a horse, dance or sing. Can't be a strip. Place doesn't stay open all night. . . . From the chi-chi East Side to the roaring West Side may be quite a change but if you like to see the jitterbugs cutting a rug drop in at a new place which calls itself the **Rialto Ballroom** on Broadway and 42nd Street. No fancy color schemes, no "name" celebrities but a lot of kids in Uncle Sam's uniforms (G. I.) stepping to three bands. And such fun!! . . . William A. Spanier, President of A. A. Bennett & Co., Chicago, writes his brother, **Muggsy Spanier**, and his orchestra (Muggsy's) is playing at **Jack Dempsey's Cafe** each night. So if you can't see the President of A. A. Bennett & Co., try to talk to Muggsy. He might fix it for you.

## "The Way From Today To Tomorrow"—Inv. Outlook

Ernest Oberhumer, associated with Winslow, Douglas & McEvoy, 120 Broadway, New York City, members of the New York Stock Exchange, has just published a most interesting study of the market outlook, entitled "The Way from Today to Tomorrow—An Investment Analysis."

Mr. Oberhumer, in his brochure, discusses the protection of capital substance, the economic effects of the war, and the possibility of inflation. The American economy of 1900-1940 is summarized and the American war economy, and the coming economy are compared. The future price area of securities is discussed together with the make-up of the future securities portfolio.

"The current outlook." Mr. Oberhumer declares, "justifies the expectation that the long-term trend in American security prices will continue the general uptrend of the last fifty years."

Copies of the brochure may be obtained from the author. Price, $2.00 per copy.

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## Now At Stage Where Restriction Means Extinction, Fuller Of NAM Warns

Declaring that "we have now reached the stage where restriction means extinction," Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers, warned on Dec. 3 against a trend "that promises to have disastrous consequences for many innocent business firms during the war and will have equally destructive consequences after the war." In a radio address over the Columbia Broadcasting System on "Rationing War Resources," Mr. Fuller said that "one of the most important manifestations of this trend is the projected program of industry concentration." He went on to say: "Just what does concentration mean? What does concentration try to achieve? How far have we already gone toward concentrating industry, and how far are we likely to go?

"First of all, and quite fortunately, industry concentration is still largely in the discussion stage. Only a few industries have been affected so far. There's still time to thresh the problem out in good old-fashioned American public debate.

"If concentration of industry is necessary for victory, you and I will certainly not oppose it. But we want to be certain that it is necessary. For concentration, with all that it entails for industry, for labor, for our whole economy, can be achieved only at a heavy price.

"Let's look for a moment at concentration of industry in England, keeping in mind that British problems are different from ours, and solutions to problems must necessarily differ.

"Now in England, concentration of industry was born in the great production drive that followed Dunkirk. Men and women worked at their war jobs with a patriotic frenzy which has never been equalled before or since. They worked 70 hours a week and more. But this wasn't enough. More workers were needed for war production. More factory space was needed. England was desperate.

"The British Government ripped into the civilian industries. It developed the concentration plan with the idea of crowding civilian production into the smallest number of plants and to release men, machinery, materials, and badly needed factory space for the war. The British Government especially tried to arrange matters so that the shutdown plants could be maintained for postwar production. However, many plants that have shut down may never reopen again.

"These drastic British concentration measures freed some 250,000 workers from civilian industry. They also made available some 50,000,000 square feet of factory space. And it is anybody's guess as to what this has done to Britain's future. . . .

"Right here let me repeat that I am not opposing concentration if it is necessary. Instead I am counseling great caution, the exercising of American ingenuity and inventiveness, to meet the problem in an American way. . . . We, in America, must keep the road to the future open with plenty of direct pointers to get us back on the broad highway of opportunity when the war is over."

"Concentration," said Mr. Fuller, "might be a sort of mercy death for wartime business casualties—but death nevertheless."

In part, he added:

"I think I have sketched enough of the concentration picture both here and in England to indicate its complexities. But more than complexities are involved. The very lives of many hundreds of small business concerns are at stake, with all that this means to their employees and to the communities where these businesses are located.

"And there's another thing at stake, too, something that is second only to victory. And that is the American system of free enterprise. Scramble the economic eggs once in any thorough-going concentration under government direction, and not even government can unscramble them again. We shall have an end of voluntary enterprise—a totalitarian economy."

In conclusion Mr. Fuller said:

"During the last war we were wise enough to keep our business structure intact and our markets ready and waiting. The change over from war to peace-time production was speedy and efficient. There was no depression in the wake of war.

"This time, too, we must do everything possible to avoid wrecking our business structure and distribution channels. We must be ready when the war ends to swing into the making and selling of goods to the American consumer. If we do, there will be jobs for war workers and for our soldiers and sailors. Their victory will be complete. We will have the means of regaining our standard of living and rising to new heights of opportunity and prosperity. That is what we are fighting this war for, to make the American way secure for ourselves and our children."

## Denied Registration By SEC As Involved In Municipal Fraud

The application of Foelber-Patterson, Inc., Lincoln Bank Tower, Fort Wayne, Ind., for dealer-broker registration has been denied by the Securities and Exchange Commission on grounds that Eugene F. Foelber and Sidney B. Patterson, directors and incorporators of the firm, had wilfully violated the Securities Exchange Act of 1934 and it was therefore in the public interest to deny registration.

Messrs. Foelber and Patterson were officers and stockholders of Central Securities Corporation, the registration of which was revoked because of a conspiracy involving fraud in transactions in certain public bonds, and the issue in dispute was whether Messrs. Foelber and Patterson knowingly participated in the conspiracy.

The Commission stated that several cities in Lake County, Indiana, issued improvement bonds sometimes known as "Barrett Law" bonds. Payment upon these bonds depended upon the collection of assessments from the particular property owners for whose benefit particular bonds had been issued. Payment on many of these bonds was in default, and for some time it was the practice to pay bondholders from available funds in the order of maturity of their holdings.

Louis F. Conter became treasurer of Lake County in January, 1936. By virtue of an illegal arrangement with Edward Reil (a deputy treasurer) and Central Securities Corporation, Conter undertook to, and did, give special notification to Central Securities of the availability of funds for payment and of the numbers of the bonds for which assessments had been collected. It was the practice of Central Securities, when it was informed that money was available for full payment on a bond which it did not already own, to represent falsely to bondholders that it could dispose of their bonds to assessment obligors at a discount—so that the bond could be set off against the tax assessments. Upon these representations Central Securities secured many bonds at prices ranging from 40% to 60% of face value, and had them redeemed at par, profiting on the difference.

It was contended that neither Foelber nor Patterson was involved in the conspiracy. However, since both were stockholders in the Corporation, and Foelber was Vice President and a director from 1933 to early in 1942, as well as sales manager directing the activity of Central Securities Corporation's salesmen, while Patterson was an officer and director during the same period and for eleven months in which the conspiracy was in operation had charge of the corporation's books, the Commission contended that both were fully cognizant of the conspiracy. Registration was therefore denied.

The Commission acted under the provisions of the Securities Exchange Act of 1934, Section 15(b) of which provides in part: "The Commission shall, after appropriate notice and opportunity for hearing, by order deny registration to . . . any broker or dealer if it finds that such denial . . . is in the public interest and that (1) such broker or dealer whether prior or subsequent to becoming such, or (2) any partner, officer, director, or branch manager of such broker or dealer . . . or any person directly or indirectly controlling or controlled by such broker or dealer, whether prior or subsequent to becoming such . . . (D) has wilfully violated any provision of . . . this title, or of any rule or regulation thereunder."

Section 15 (c)(1) of the same act provides that "No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of, any security . . . otherwise than on a national securities exchange, by means of any manipulative, deceptive, or other fraudulent device or contrivance. The commission shall, for the purposes of this subsection, by rules and regulations, define such devices or contrivances as are manipulative, deceptive or otherwise fraudulent."

## Imp. Bank Of Canada Reports Greater Assets

The 68th annual statement of the Imperial Bank of Canada, Toronto, covering the fiscal year ended Oct. 31, 1942, shows substantial increases in deposits, holdings of Dominion Government securities and in total assets. Net profits for the year, after providing for Dominion Government taxes of $552,389 (of which $5,214 is refundable under the provisions of the Excess Profits Tax Act), after contributions to staff pension and guarantee funds of $106,650, and after making appropriations to contingent accounts, out of which accounts full provision for bad and doubtful debts has been made, amounted to $836,149. Out of this amount, $665,000 was allocated to pay dividends at the rate of 10% per annum for nine months, and 8% per annum for three months, $150,000 was written off bank premises, leaving a balance of $21,149 to be carried forward, and when added to the Oct. 31, 1941, balance of $698,842, makes a profit and loss balance of $719,991 for Oct. 31, 1942.

Total assets are substantially increased, standing at $243.562,471, compared with $206.587,280 a year ago. The increase in total assets is in the highly liquid assets, currency or its equivalent. and in holdings of Dominion and provincial securities maturing in less than two years. Current loans at $75,468,640 are lower than last year by $4,140.653, a condition ascribed to the lateness of Western harvests and consequent retarded demand for grain loans.

The largest increase in assets is in government securities maturing in less than two years, this item now standing at $68,679,342, compared with $28,819,396 a year ago. Similar securities maturing in more than two years, at $38,283,298, are lower than last year by $3,045,838. Total deposits have grown to $217,352,616, compared with $179,929,435 a year ago. Total liabilities other than to shareholders are now $224,160,021, compared with $187,430,362 formerly.

## November Business Failures Again Decline

November business failures continue to follow the trend shown for some months and are lower than in October as well as being below November, 1941, both as to the number and amount involved. Business insolvencies in November, according to Dun & Bradstreet, Inc., totaled 585 and involved $5,245,000 liabilities as compared with 673 involving $7,181,000 in October, and 842 involving $9,197,000 in November, 1941.

The falling off in the number of failures in November from the number in October took place in all the divisions of trade that the report is divided into with the single exception of the construction group, where two more liabilities took place. When the amount of the liabilities is taken into consideration all divisions recorded a decrease from a month ago.

Manufacturing failures last month numbered 98, involving $1,823,000 liabilities, compared with 102 in October with $2,374,000 liabilities. Wholesale failures decreased to 45 with $429,000 liabilities from 65, with $866,000 liabilities in October. In the retail trade section insolvencies declined to 352 from 405 in October and liabilities to $2,009,000 from $2,660,000 a month ago. Construction insolvencies numbered 63 with $717,000 liabilities, which compares with 61 with $756,000 liabilities in October. Commercial service failures numbered 27 with $267,000 liabilities, as against 40 with $525,000 liabilities in October, 1942.

When the country is divided into Federal Reserve districts it is seen that ten districts had fewer insolvencies in November than in October, while the St. Louis Reserve district had the same and the Kansas City Reserve district had more. When the amount of liabilities is considered ten districts had smaller liabilities while the St. Louis and Minneapolis Reserve districts had a greater amount of liabilities involved in November than in October.

PLEASE DON'T CALL
LONG DISTANCE
THIS CHRISTMAS!

IT MAY be the "holiday season"—but war needs the wires that you used to use for Christmas calls.

Long Distance lines are loaded with urgent messages. Extra lines can't be added because copper and other materials are needed for the war.

So — this Christmas please don't make any Long Distance calls to war-busy centers unless they're vital.

WAR CALLS COME FIRST
BELL TELEPHONE SYSTEM

## National City Bank Cites Difficulty In Comparing U. S. And British Tax Rates

The National City Bank of New York, in its December "Monthly Bank Letter," calls attention to the "extreme difficulty of weighing the relative severity" of the American and British tax systems and says that unless the many differing factors entering into the question of the comparative tax burden are given consideration, tax comparisons will be misleading. The bank says:

"Perhaps the most widely recognized qualification to the use of income tax rates as measurement of tax burden is the failure to take account of the heavy State and local taxes (including State income taxes) here. In the United States, 34 States and the District of Columbia levy individual income taxes, with rates ranging from 1 to 15%. Thirty-three States levy corporation income taxes with rates ranging from 1 to 8%.

"In Great Britain," the bank points out, "the local taxes are relatively small." In its discussion of the subject, the bank also notes, among other things, that "there are many specific differences in the tax systems of the two countries which make comparison difficult. One of these differences has to do with the treatment of corporations and of corporate dividends."

Finally, the bank points out that "certain broad generalizations seem warranted:

"1. That when all types of taxes are taken into account the overall tax burden in this country at the new Federal rates does not appear to be as much less than the burden in Great Britain as a comparison of income tax rates alone would imply. Certainly a review of the many factors would seem to dispose of any idea that this country is lightly taxed.

"2. That the difference in income tax rates decreases rapidly in the upper brackets, and in some cases, such as dividends and capital gains, the rates here may be higher even than in Britain.

"3. That the British tax system is more broadly based than ours, in that it reaches down further into the lower brackets and relies more upon indirect taxes, including sales taxes. The latter, with exemptions for food, utility clothing and medicine, range from 16% up to 66%.

"And, finally, it might be pointed out, just because Great Britain or Canada do certain things does not necessarily prove that these are the wisest things to do. For example, the high British and Canadian excess profits taxes (100% with 20% post-war rebate) have been criticized in both countries as discouraging to efficiency and economical production. In Great Britain, the provision for mandatory joint returns has been asserted to be a serious deterrent to entry of women into full-time employment and hence a retarding influence upon maximum war production. While it is desirable that the tax laws of other countries be studied for ideas and suggestions and with a view to our profiting by the experience of others, the final determination of taxes must be made not on the basis of what some other country does, but upon the known conditions here and the need for adapting our tax system to the American environment and the effective prosecution of the war effort."

## Standard Report Form Given To N. Y. Banks

In keeping with the trend of commercial banks to give shareholders and others more complete information concerning their operations, a standard form for annual earnings reports to stockholders was distributed to New York State's 718 commercial and industrial banks on Dec. 5 by the New York State Bankers Association. The latter's announcement states that the report recommended to the banks provides for data on the principal sources of earnings such as interest on loans and interest and dividends on securities, together with other earnings from other current operations. On the expense side it provides for data on interest paid, salaries and wages, and other current operating expenses. The expenses, deducted from the earnings, give the net current operating earnings for the year. This statement of net current operating earnings is followed by a reconcilement of surplus and undivided profits for the year.

The new form is the result of studies carried forward by banking groups during the past several weeks and was adopted in cooperation with the Bank Management Commission of the American Bankers Association and representatives of the Federal and State bank supervisory agencies.

The New York Association's subcommittee on the report is headed by C. George Niebank, President of the Bank of Jamestown, and the Chairman of the Bank Management and Research Committee is Robert C. Tait, Vice-President of the Genesee Valley Trust Co., Rochester. In presenting the Committee's findings to the commercial banks, the report says:

"The task of this committee was initially to determine the basic items which should be furnished the stockholder. Its use will prove that there is no desire to relax from the principle that our banks will always act in the public interest."

The Association in its announcement also states: "The Committee's intention was not to provide a form to be used without variation by all banks which accept it in principle. The form is rather to establish a minimum standard. Many banks, it is pointed out, already publish more data on earnings and expenses than the form calls for, but the others do not furnish as much.

"The Association feels that while the interests of stockholders are adequately represented in the supervision of governmental agencies, these interests will be furthered by furnishing this additional information on bank operations. Also, it is believed that the voluntary adoption of a thoroughgoing report form will obviate the need for enactment of statutory requirements along this line.

## Auditors Announce New Accounting Manual

The National Association of Bank Auditors and Comptrollers announce the publication of a "Nabac Manual on Bank Accounting, Auditing, and Operations." The announcement states that after three years of research and study, and in line with the Association's policy of giving ever-increasing benefits to banking in general and particularly to its membership, the manual is in final process of publication. It is indicated that the manual will provide an authoritative treatise on the subject and will serve as a guide to more effective and efficient bank accounting, auditing and operations. The procedures as outlined in the manual are said to have been tried and proven—will save time in bank operation, and the manual is regarded as particularly essential for the use of bank comptrollers, auditors, operations officers or accountants. The announcement states that no previous publication covers the subject so thoroughly, or so completely and that public accountants, college commercial schools and public libraries will likewise find it invaluable.

It will be a substantially bound book of approximately 350 pages. The manual is priced at $2.50 per copy, postpaid. It is expected that printing will be completed and shipments made early in January. Reservation orders are being accepted and should be mailed to the National Association of Bank Auditors and Comptrollers, 512 Caxton Building, Cleveland, Ohio.

## NYSE Adopts Uniform Financial Report Form

Under date of Dec. 1 the New York Stock Exchange sent to members and member firms a copy of Rule X-17A-5 promulgated by the Securities and Exchange Commission and effective Jan. 1, 1943, which requires certain members and member firms to submit to the Commission a financial report once in each calendar year. The adoption of the new ruling by the Commission was referred to in our issue of Dec. 3, page 1969. Edward C. Gray, Director of the Department of Member Firms of the Exchange, in his address to the members, says:

"The report is to be in accordance with a uniform financial report form which the Commission has adopted. In order to obviate the necessity of members and member firms submitting financial reports in that form to the Commission and submitting to the Exchange a financial report in the form of an answer to the Exchange's financial questionnaire, the Exchange will adopt the uniform financial report form.

"It is our understanding that a broker or dealer who is having a statement of financial condition prepared or having an audit made of his affairs by independent public accountants between the middle of November and the end of 1942, may file a financial report as of such date with the Commission subsequent to Jan. 1, 1943, but not more than 45 days after the date of the report, which report will be considered by the Commission as covering the calendar year 1943.

"If any member or member firm feels that any part of the financial report submitted by it to the Commission should be held confidential, such member or member firm may make written objection to the public disclosure of any information contained therein by following the procedure outlined in the Commission's Rule X-24B-2.

"Individual members and firms who are not registered as dealers under the provisions of Section 15 of the Securities Exchange Act of 1934, as amended, and who act only as Floor brokers or specialists on the Floor of the Exchange are not required to file a financial report with the Commission. Member firms who carry margin accounts for customers or who hold cash or securities of customers except in connection with incompleted cash transactions are required to have the report certified by an independent public accountant. On the other hand, all other members and member firms are not required by Rule X-17A-5 to have such financial report certified by independent public accountants unless the Exchange requires them to have an audit made of their affairs."

It is expected that other regulatory bodies requiring financial reports from brokers and dealers and members of securities exchanges will also use the new report form.

## New Orleans Bond Club To Hold Xmas Party

NEW ORLEANS, La.—The annual Christmas party of the Bond Club of New Orleans will be held on Tuesday, December 22 in one of the restaurants in the Vieux Carre, according to announcement by Mr. Shelby Friedrichs, President of the organization. Activities will open with cocktails in the late afternoon to be followed by dinner with special features provided for the relaxation of the attendants.

A general invitation is issued to all bond men who might be in New Orleans at the time to join in the festivities. Reservations and further information may be obtained from Errol E. Buckner, Bond Department, National Bank of Commerce, New Orleans.

## Revised Arbitration Booklet Issued

The American Arbitration Association recently announced a revised edition of its Voluntary Labor Arbitration Rules of Procedure to meet war regulations and conditions. The Rules are accompanied by a Manual for Using the Rules, covering such important subjects as: Panels of Arbitrators; Summary of Procedure with Respect to Parties, Arbitrators and the Association; Institution of Proceedings; Appointment of Arbitrators; Hearings and Awards. A special section on the arbitration of wage disputes is included, which contains procedure for the reference of wage decisions to the National War Labor Board for review and directions for expediting proceedings under its Rules, in relation to policies set forth by the War Labor Board. The rules have been formulated by the joint effort of management and labor, and have the benefit of the experience of the Association in more than a thousand labor arbitrations. The Rules and Manual are available upon request to the American Arbitration Association, 9 Rockefeller Plaza, New York City.

## N. Y. Security Analysts To Discuss Bank Earnings; Cap. Gains Tax On Dec. 15

Maurice Schapiro, of M. Schapiro & Co., will address the luncheon meeting of the New York Society of Security Analysts, Inc., to be held Friday, Dec. 11, at 12:30 p. m., at 56 Broad Street, New York City. Mr. Schapiro's subject will be "Outlook for Bank Earnings," and he will discuss the influence of special provisions in the 1942 Revenue Act in relation to bank earnings.

The December general meeting of the Society will be held on Tuesday, Dec. 15, at the Block Hall Lunch Club, 23 South William Street, New York City. Members planning to attend are urged to make reservations early. Walter A. Cooper, partner of Peat, Marwick, Mitchell & Co., Certified Public Accountants, will speak on the Capital Gains Tax as affecting investors and corporations. Mr. Cooper is a noted authority on tax matters, serving now or having served as Chairman of the Tax Committee of the American Institute of Accountants and as Chairman of the Tax Committee of the New York State Society of Certified Public Accountants.

The Board of Directors of the Society announces that the membership of members in the service for the duration will be held open, whether or not they have paid their dues. Members of the Society who are in the armed forces, should notify Lancaster M. Greene, Treasurer, c/o Lancaster & Norvin Greene, Inc., 30 Broad Street, New York City.

## Financial Advertisers Elect Advisory Council

Members of the Senior Advisory Council for the coming year have just been elected by the Board of Directors of the Financial Advertisers Association, which, for several weeks past, has been conducting a convention-by-mail. Three members were added to the Senior Advisory Council and 24 were re-elected. Added to the Council for the coming year are Harry E. Gail, Assistant Treasurer of the Toledo Trust Co., Toledo; Robert J. Izant, Vice-President of the Central National Bank, Cleveland, and Harry B. Winsor, Vice-President of the Second Federal Savings & Loan Association of Cleveland.

These members were re-elected to the Senior Advisory Council: O. G. Alexander, Bank of the Manhattan Co., New York City; C. Delano Ames, Maryland Trust Co., Baltimore; E. R. Brown, Huntington National Bank, Columbus; Guy W. Cooke, First National Bank of Chicago; Arthur M. DeBebian, the Chase National Bank, New York; Ralph M. Eastman, State Street Trust Co., Boston; J. M. Easton, the Northern Trust Co., Chicago; Fred W. Ellsworth, Hibernia National Bank, New Orleans; Stephen H. Fifield, Barnett National Bank, Jacksonville, Fla.; Robert L. Flather, American Security & Trust Co., Washington, D. C.; Marvin E. Holderness, First National Bank, St. Louis; Thomas J. Kiphart, Fifth Third Union Trust Co., Cincinnati; Jacob Kushner, United States Trust Co., Paterson, N. J.; J. Blake Lowe, Equitable Trust Co., Baltimore; Alva G. Maxwell, Citizens & Southern National Bank, Atlanta; Gaylord S. Morse, Terminal National Bank, Chicago; William H. Neal, Wachovia Bank & Trust Co., Winston-Salem, N. C.; Robert P. Purse, Jr., The Purse Co., Chattanooga, Tenn.; Robert W. Sparks, Bowery Savings Bank, New York City; I. I. Sperling, Cleveland Trust Co., Cleveland; Fred M. Staker, Commerce Trust Co., Kansas City, Mo.; Eliot H. Thomson, Washington Loan & Trust Co., Washington, D. C.; C. H. Wetterau, American National Bank, Nashville, Tenn.; E. B. Wilson, Edwin Bird Wilson, Inc., New York City.

The FAA "convention-by-mail" was referred to in these columns of Nov. 19, page 1797.

## Curb Amendment Brings In More Members

The New York Curb Exchange adopted an amendment last June designed to make the acquisition of a regular membership in the Exchange more attractive. One feature of this amendment is the reduction of the regular initiation fee from $2,500 to $1,000; the other is the elimination of initiation fee for associate members who desire to become regular members if they paid a fee of $1,000 or more originally. In the case of an associate who paid less than $1,000, the difference between what he paid and the present $1,000 fee is required.

This amendment has proved to be a wise move since these advantages seem to be having the desired effect—eleven of the twenty-two seats transferred during the past six months were acquired by associate members exercising the so-called conversion privilege, the Exchange announces, adding that many "trends in Wall Street have moved at such a slow pace as to go almost unnoticed. And while the number of transfers mentioned above might be taken as illustrative of this thought, we are nevertheless inclined to view it as a trend that soon will be more readily apparent."

# Twenty-Five Largest Mfg. Corporations Add $2,000,000,000 In Assets, Conference Bd. Says

The 25 largest manufacturing corporations (excluding oil and copper companies) reported assets of $12,700,000,000 in 1941, or about $2,000,000,000 more than in 1937, according to the National Industrial Conference Board. These corporations (except Ford Motor Co., for which figures are not available) earned slightly more than $2,000,000,000 in 1941, of which more than $1,100,000,000, or 56%, was set aside for the Federal income-tax collectors, according to the Board.

The Board's announcement, made available Dec. 5, further said:

"There remained $912,000,000 of net income after all taxes, fully two-thirds of which went to stockholders in the form of dividend payments. They thus had available for internal expansion, and for reserves for future contingencies, about $277,000,000 of the $2,044,000,000 earned in 1941. Income and excess-profits taxes amounted to fully four times the net income retained by the originating corporations, while stockholders received almost two and a half dollars for every dollar kept for addition to surplus.

"Almost a third of the assets of the 25 leading corporations was held by the six iron and steel corporations included in the list, while a similar proportion was jointly reported by motor vehicle and chemical corporations (21% and 12%, respectively). The four largest corporations holding about 46.5% of the combined assets of the group (excluding Ford), paid 52.3% of all federal income and excess-profits taxes reported by the combined group, distributed 53.7% of all dividends, and accounted for 48.6% of the aggregate net income after taxes.

"Payroll disbursements to the 855,000 employees of the four largest manufacturing corporations averaged about $2,000 per employee, while dividend payments to the 807,000 stockholders of record, averaged nearly $425 per stockholder. Taxes paid were equivalent to $693 per employee and $734 per stockholder. Similar comparisons are available for a total of 11 companies with aggregate employment of 1,200,000, and payrolls of about $2,500,000,000. Their average payroll disbursement was $2,075; taxes per employee, $678; taxes per stockholder, $664; and dividends per stockholder, $360."

# Usurpation Of Power Through Lend Lease Charged By Sen. Taft

The Administration is using the lend-lease program to establish a socialistic post-war order of economic internationalism, with America as the Santa Claus, Sen. Taft (R.-Ohio) alleged on Dec. 5. Advices to this effect were contained in an account to the New York "Journal-American," from David Camelon, at its Washington Bureau.

As to Sen. Taft's remarks, the account had the following to say:

The Senator declared that the lend-lease agreements now being drawn are the most flagrant examples of administrative grabs of power, far in excess of that granted it by the Congress, "of the extension of powers granted by statute to a use never intended by the statute."

He said:

"The manner in which lend-lease is being used is apparently another attempt by the Administration to dominate the Congress, to tie the hands of the Congress.

"The present lend-lease agreements depart entirely from the original purpose of the lend-lease acts—to help win the war.

"The Administration is attempting to create a post-war system of economic internationalism with as great an appearance of legislative sanction as possible.

"The form of lend-lease agreements seems to indicate a deliberate intention on the part of the Government to commit this country to a world-wide economic policy, intimately affecting our own domestic economic structure, without any action by, or authority from, the Congress.

"This economic structure may be good or may be bad, but it is one which, under our form of government, requires the consent of Congress.

"I deeply regret the apparent attempt to base it on legislation which was not intended to have any relation to it, and does not support it."

The lend-lease act, Senator Taft emphasized, was originally adopted to provide war materials and other assistance to those nations fighting the Axis powers, "and that was its sole purpose; it had no reference to post-war economic relationships."

Sen. Taft said he was ready to recognize that most of the nations assisted could not return the aid after the war. But he said it would be better simply to forgive the debts than to establish a new order of internationalism.

# WLB Jurisdiction To Cover Wage Disputes In Non-War Industries

The National War Labor Board on Nov. 17 decided unanimously that its jurisdiction extended to all labor disputes in non-war industries in which wage adjustments are involved. The Board's announcement stated:

"The Board made this decision in connection with a dispute between four New York title and guaranty companies and the United Office and Professional Workers of America, CIO. The companies — Security Title and Guaranty Co., Lawyers Title Corp., Title Guaranty and Trust Co., and Kings County Capital Corp.—had questioned the jurisdiction of the Board over their wage and union security dispute with the union, which involved 1,345 employees of the companies.

"In an opinion on the case William H. Davis, Chairman of the Board, quoted from Title III, Section 1 of the Executive Order of Oct. 3, which extends the functions of the Board 'to cover all industries and all employees.' Mr. Davis' opinion concluded as follows:

"The Board interprets that section to mean, at least in all labor disputes in which wage adjustments (or salary adjustments within the limitation of the Director's Order of Oct. 27, 1942) are involved, that the Board's jurisdiction of such disputes has been extended to cover all industries and all employees. Under that interpretation it is clear that the Board has jurisdiction of these disputes, whatever the relation of the companies' business to the prosecution of the war may be. We are aware that the administrative burden of the Board is increased by its assumption of jurisdiction over such cases as these, but we cannot for that reason avoid the clear mandate of Title III, Section 1. We are also aware that these cases involved white collar workers, but the compensation of that large group of workers is not excluded from the stabilization provisions of the Act of Congress or of Executive Order No. 9250, and the workers in these cases are bound by the obligation to put aside the right to strike for the duration of the war on the condition that all disputes will be finally determined by the procedures of Executive Order No. 9017."

The Board appointed Mr. Max Meyer, a member of the New York State Mediation Board, as its referee on the question of wages. It returned all the other issues to the parties for negotiation. The parties were directed to refer all unsettled issues to the New York State Mediation Board, and, if any issue remains undetermined after mediation, it is to be referred to the War Labor Board for final decision.

# Land Taxation Ceiling Needed, Says Manning

"A ceiling on land taxation is important if we are to halt a trend that if uninterrupted would amount to abolition of private ownership of land," H. E. Manning, President of the Ontario (Canada) Property Owners Association, emphasized on Nov. 16 in an address before the annual meeting of the National Council of Real Estate Taxpayers in St. Louis. According to Mr. Manning "existing tax laws put upon the ownership of land a liability so great as seriously to discourage its useful economic development. As to the universality of the problem throughout the United States and Canada," he said "there are many evidences. Sooner or later we shall be driven to one of two things. Either we shall find that by making ownership of land and its sound development under private ownership too precarious we have in effect abolished that kind of use and development; or we shall see that the illusion of punishing profit-making by some fictions about unearned increment is one which we can no longer afford to retain."

Striking at what he called "grudge taxation" which taxes land on its potentialities rather than its actual value, Mr. Manning offered six steps to "clip the wings of those ardent tax gatherers who would like to retain inflated assessment rolls." He would prescribe that:

1. Value means that price at which the property in question can be sold;

2. Undeveloped potentialties shall not be permitted to increase the estimate of that price;

3. No valuation shall be made on the theory that it could be justified by any alternative use of the property;

4. Land upon which buildings or other structures are erected shall not be assessed at less than the price at which it could, at the time of assessment, be sold, if there were no buildings or structures erected upon it;

5. The cost of buildings shall never be permitted to magnify the value of property beyond the capitalized amount of the actual or clearly obtainable net revenue, after proper deductions for operating expenses, taxes and depreciation;

6. Opinion evidence and evidence of the assessment of adjacent properties shall never be permitted to contradict the actual experience of price of the property in question; and opinions shall only be receivable if related to facts of recent occurrence, say not more than five years old.

Mr. Manning is the author of two Canadian law text books: "Canadian Law Fixtures" which came out in 1927, and "Assessment and Rating," 1928, with a supplement in 1941.

The National Council of Real Estate Taxpayers is an alliance of organizations representing real estate ownership, united on a definite program for property tax realjustment. The organizations constituting the Council are: The National Association of Real Estate Boards, the National Association of Building Owners and Managers, the National Apartment Owners Association, the National Grange, and the Mortgage Bankers Association of America.

*As of Nov. 30, 1942
CURRENT DIVIDEND
3% Per Annum
TOTAL RESOURCES
Over $3,600,000

More Than $1,200,000*
in Trust Funds
are now invested in our
Insured Investment Certificates
by more than 50 Banks and
Trust Companies
*Informative booklet sent on request*
QUAKER CITY FEDERAL SAVINGS AND LOAN ASS'N
1427 Walnut Street, Philadelphia

INSURED
INVESTMENT
CERTIFICATES
•
FIRST FEDERAL SAVINGS
AND LOAN ASSOCIATION
OF ATLANTA, GEORGIA

# N. Y. Savs. & Loan Men At State Conference

The New York State League of Savings and Loan Associations will hold its savings and home war conference today and tomorrow (Dec. 10-11) at the Waldorf-Astoria, New York City. It is expected that about 500 delegates from the league's 225 member associations located in all parts of the State will attend. In conformity with the spirit of the times and the necessity for a complete review of wartime problems the usual banquet has been eliminated and the program of the conference will be concentrated in three business sessions, according to Zebulon V. Woodard, Executive Vice-President of the League. The conference will feature the forum type of meeting. Today's sessions include discussions on various subjects in the morning and a panel in the afternoon on wartime legal problems. Tomorrow morning there will be an open forum discussion of wartime management problems.

Clarence J. Roberts, President of the Carthage Savings and Loan Association and of the New York State League, will preside at all sessions, and will give the welcoming address and introduction of speakers at the opening session.

# Pres. Urges Support Of Xmas Seal Drive

In indorsing the 36th annual Christmas seal campaign of the National Tuberculosis Association, President Roosevelt on Nov. 24 warned that tuberculosis is increasing alarmingly in warring countries abroad and said the co-operation of all peoples in the fight against the disease is imperative.

The President's message follows:

"The unholy alliance between war and disease is particularly powerful in the case of tuberculosis. Tuberculosis has increased in every past war. The disease is increasing alarmingly in many warring European and Asiatic countries.

"In the United States tuberculosis is now at the lowest rate in our history. But to hold the disease in check during war time will demand the greatest effort possible on the part of the people, the medical profession, the tuberculosis associations and the official health departments. Co-operation of all people in the fight against tuberculosis is imperative.

"The tuberculosis associations are well under way in their intensified and expanded war-time campaign. I have full confidence that the American people will generously add the purchase of Christmas seals, the main support of the National Tuberculosis Association and its 1,700 affiliated associations, to their many wartime activities."

# Pay Off FHLB Debentures

Series J debentures of the 12 Federal Home Loan Banks, amounting to $18,000,000 and issued last April 15, were paid off Dec. 1 at maturity. James Twohy, Governor of the Federal Home Loan Bank System, announced that action, taken as a result of their strong cash position, reduces outstanding debentures of the regional home loan banks to $69,500,000. Since the Federal Home Loan Bank System first went into the public money market in 1937, the 12 banks have issued a total of $314,700,000 in 12 series of debentures, all of which were heavily over-subscribed at favorable rates.

"In recent months, large repayments of advances on the part of the member thrift and home-financing institutions of the System have substantially reinforced the cash position of the regional banks," said Mr. Twohy. He added:

"In turn, the 3,800 member institutions — largely savings and loan associations—are receiving a steady flow of savings and investments from the public, while their loan outlets have contracted because of the stoppage of new home building except for housing workers in war industries. Consequently, the banks are able to retire outstanding debentures—always a healthy operation—and bulwark themselves even more firmly for the important post-war service as a credit reserve which lies ahead."

# Pay on Porto Alegre 8s

Ladenburg, Thalmann & Co., New York, as special agent, is notifying holders of City of Porto Alegre (United States of Brazil) 40-year 8% sinking fund gold bonds, external loan of 1921, that funds have been deposited with them, sufficient to make a payment, in lawful currency of the United States of America, of 13.975% of the face amount of the coupons due June 1, 1940, amounting to $5.59 for each $40 coupon and $2.79½ for each $20 coupon. Pursuant to the provisions of the Presidential Decree of the United States of Brazil, such payment, if accepted by the holders of the bonds and coupons, must be accepted in full payment of such coupons and of the claims for interest represented thereby.

No present provision, the notice states, has been made for the coupons due Dec. 1, 1931, to Dec. 1, 1933, inclusive, but they should be retained for future adjustment.

# HOW DID WE GET THIS WAY?

(Continued from first page)

The ultimate rendezvous which all generations, nations and races have with destiny is not settled by oratory.

Any equitable trade recognizes the value of scarcity, but not the type of scarcity which our experimenters endeavored to produce a few years ago when they "ploughed under every third pig," excepting those in office. That was a sacrifice to the Gods of Ignorance, of whom we have become the chosen people.

An honest trade accords the greatest compensation to those who, because of the rareness of their ability, make the greatest contribution to the general welfare of mankind.

The two Henrys, Ford and Kaiser, because of their inventive genius, their managerial skill and their ability to accumulate capital, have been more valuable to our civilization than the men who turn the screws on the production lines in their plants or the politicians who out-cajole and out-promise each other in competition for their votes. That their rewards should be greater is only elementary justice.

They have been more valuable than the parlor-pinks and pedants who assume to interpret life from their vantage points in a college cloister, where they preen themselves in their own esteem; exemplars of the abstruse law of compensation for inferiorities.

Differentials in economic rewards are morally justified and socially necessary. Without their energizing influence the world would be a flacid chain of predetermined events—life in monotones. They are the psychological roots of success, the prizes of the challenge of life. Man in his essential activities is motivated by forces that have their origin in primordial instincts and which take no cognizance of abstractions. Anyone who produces value will exchange it only for value. This is automatic and subconscious. A country in which it is ignored can only produce a sterile civilization, one without the vitality to sustain a dynamic mode of life. Man does not survive by a law of least effort, although it is a thought with which we are easily indoctrinated.

The essence of progress is competition; its method is evolution—not merely quantitive but qualitive—its enemy is envy, ignorance and political opportunism. The denial of the validity of these laws is the negation of history, of psychology and biology and the apotheosis of mysticism and obscurantism.

With the continued growth of civilization, crude implements became tools and tools evolved into machines. They came as the result of work, talent and self-denial; the calculable factors in economic life. They came as the result of thes acrifices of those who, out of their great labor, stored a portion of their production while other men consumed all of the fruits of their meager industry.

They came as the result of the profit motive, the most important essential of the logistics of life, the real nature and function of which is continually misrepresented by people who, ignorantly or intentionally, treat its excrescence as its essence. Since the physical and psychic organisms alter slowly, if at all, and since behaviour corresponds to the laws that have regulated it in the past, these are the ways they must come in the future. Any other conclusion is divorced from perception and observation, rests upon no basis of fact, includes no element of experience and is no more than a subjective invention which cannot stand investigation.

Knowledge, which coupled with practice brings skill, is usually regarded as a function of judgment rather than of ideas, yet there is no real difference between them. Both are the result of the instinct for survival.

Judgment is the use of ideas, and ideas in their broader sense are tools or implements, just as knowledge is wealth in its broader sense. Most men have ideas, but they, like their possessors, are unequal in value. Good ones do not come haphazard to crowds of men but only to men of ability. The force by which they are developed is character—inborn like the color of the eyes.

If ideas, which are unequal in value and which underlie all progress, are not common to all men, then it is obvious that men are unequal in value and equal compensation is impossible. Until the quantity and quality of ideas can be equalized—and none of our social theorists, who all seem to lack the quality of abstract thought, has as yet advanced a method whereby this can be done—the rewards for their possession will remain unequal. Otherwise, the superior would be placed in servitude to the inferior in some form of communal slavery, which would destroy individual autonomy and the sovereignity of the personality and result in a debacle — spiritual as well as material. Theory and fact must coalesce. When the first outruns the latter it becomes barren.

# Investment Trusts

(Continued from page 2055)

memorandum entitled "Tax Thoughts for Large Investors." Among the thoughts—"Assume that the man's income is $50,000 or better. He pays 72% income taxes in his upper bracket. . . . This 19c (Selected) non-taxable dividend is equal to a 68c taxable dividend."

* * *

The latest issue of "Economic Pre-View," by Ray Vance, trustee of New England Fund and General Investors Trust, analyzes the news of the past month. Significant comment:

"I would not minimize the importance of the 1944 election, but, **if ever there was, or is to come, a time when Americans are justified in the assumption that the best way to avoid the ills or to secure the blessings of the future is to concentrate on the present, that time is now. The next few years will probably be more important in their effect on the long future of this nation than any we have seen since the 1860's, and the next two years will be the most critical of all.**"

* * *

The Hamilton Trust Fund reports that between October 5 and November 10, 1942, the value of the fund rose from $3,745,229 to $4,141,425. This is the first time that the fund has exceeded the $4,000,000 mark.

* * *

### From Investment Company Reports

Boston Fund, Inc.—During the three months ended October 31, shares outstanding increased from 550,671 as of July 31, to a new high record of 583,235 at the end of the quarter. Net assets of $7,412,037, or $12.71 a share, compared with net assets of $6,420,168, or $11.66 a share, on July 31.

* * *

Dividend Shares, Inc.—Total net assets as of the end of the fiscal year on October 31, 1942, were $35,979,717, of which $33,065,913 represented stocks of 100 corporations.

* * *

Eaton & Howard Balanced Fund—Net asset value was $15.96 per share on December 1, 1942 compared with $15.55 per share on September 30 and $15.57 on December 31, 1941. Diversification as of December 1, 1942, was as follows: Bonds, 32.90%; Preferred Stocks, 30.23%; Common Stocks, 31.90%; Cash, 4.97%.

* * *

First Mutual Trust Fund—Net assets as of October 31, 1942, totalled $2,092,255, equal to $4.91 per share on the 426,417 shares outstanding. Asset value per share as of December 31, 1941 was $4.93.

* * *

Investment Company of America—Total net assets as of September 30, 1942, were $3,026,212, equivalent to $16.48 per share of the 183,625 shares outstanding.

* * *

National Securities Series—Total net assets of the six Series as of October 31, 1942, were $3,669,463 compared with $2,599,555 as of April 30, 1942.

* * *

Keystone Custodian Funds, Inc., Series "B2"—Total net assets on October 31, 1942, were $6,996,189, equivalent to $22.52 per share on the 310,720 outstanding shares, compared with $5,816,848 on April 30, 1942, equal to $21.45 per share on the 271,187 shares then outstanding. Total assets of the ten Keystone Funds are now approximately $41,000,000, which compares with $28,379,000 at the close of 1941.

* * *

Republic Investors Fund, Inc.—Net assets applicable to the common stock as of September 30, 1942, were $793,898, or $2.66 per share of the 298,204 shares outstanding. (Republic is a "leverage" fund, with bonds and preferred stock outstanding.)

* * *

Sovereign Investors, Inc.—As of September 30, 1942, net assets amounted to $462,159, or $6.06 per share of the 76,333 common shares outstanding.

* * *

DIVIDENDS

| | Stock Of Record | Date Payable | Amount |
|---|---|---|---|
| Eaton & Howard Balanced Fund | 12-15 | 12-24 | *$0.25 |
| George Putnam Fund | 12-15 | 12-21 | 0.20 |
| Massachusetts Investors 2nd | 12-10 | 12-23 | 0.11 |
| Union Trusteed Funds— | | | |
| UBA | † | 12-21 | 0.53 |
| UBB | † | 12-21 | 0.55 |
| UBC | † | 12-21 | 0.20 |
| UPS | † | 12-21 | 0.35 |
| UCSA | † | 12-21 | 0.25 |
| UCSB | † | 12-21 | 0.18 |

*20 cents regular and 5 cents extra.
†Not reported.

### Correction

Recently this column referred to Investment Company Distributors, Inc., as the sponsor of Investment Company of America. We regret that, strictly speaking, the reference was incorrect, inasmuch as the distributing organization is an independent corporation whose association with the investment company is solely on the basis of its distribution contract.

# Our Reporter's Report

(Continued from first page)

year 3½s proved fully as successful as had been anticipated.

**Members of the sponsoring syndicate are reported completely sold out, and, judging by the behavior of the bonds, dealers still holding nominal amounts were not pressing them, nor should the occasion arise for them to do so when the investment status of the bonds is considered.**

With that issue out of the way the corporate slate is clean of immediate prospects, but with the Victory Loan Drive scoring splendid progress, it is possible that things may pick up, once the turn of the year is passed.

### A Buying Opportunity

It's an ill-wind that blows no good, or so the saying goes. And in the case of railroad bonds, it held plenty of water early this week.

**Railway bonds had a few shaky moments in the wake of the request made by the Office of Price Administration to the Interstate Commerce Commission for cancellation of all carrier rate increases granted last Spring.**

But the reaction was short-lived for two good reasons. First it was recalled that the increases were granted to help the railroads defray, in part, the cost of wage increases, agreed upon at the time.

**And second, and equally as important from a market point of view, the railroads, relieved of tax liability on debt retirements under the new Revenue Act, were quick to accept the opportunity to pick up bonds as they were offered.**

### A Good Omen

General MacArthur vowed when leaving Bataan that he would return and drive the invaders out. That investors are disposed to anticipate such action ultimately, is apparent from the behavior of Philippine Government bonds.

Notwithstanding that the Japs have been in possession of the Islands for some months now, these bonds are among the strongest in the government grouping.

**Earlier this year, when the invaders were driving their way in the islands, the bonds slipped down to a discount of seven points from par. But today they are ruling at, or near, the best levels ever attained at a premium of some 14 points on the bid side.**

Philippine funds here are sufficient to take care of all the bonds outstanding, and, in addition, it is considered certain that the United States would recognize its moral responsibility in the case, should such action be considered necessary.

# Bank Of Montreal Resources At New High

The Bank of Montreal reports total resources of $1,175,319,231, the highest in the 125 years of the bank's operation, in its statement of Oct. 31, 1942, the end of the bank's fiscal year. This figure compares with $1,046,551,479 a year ago, an increase of $128,767,752. According to the statement, made public Nov. 27, deposits of the bank on Oct. 31 exceeded, for the first time, the billion dollar mark, totaling $1,064,645,439, an increase over last year of $136,257,551. Of this amount $930,996,417 were in Canada and $133,649,022 elsewhere. The co-operation of the bank in financing the Canadian Government's war effort is reflected in increase in government and other bonds and debentures to $683,835,390, compared with $498,740,536 a year ago. There was some falling off in commercial loans, these amounting at the end of the fiscal year to $221,354,236, compared with $275,698,972 in 1941, the decrease being attributed partly to the further restrictions placed on non-war production. Of these commercial loans $205,232,367 were in Canada and $16,121,869 elsewhere. Quickly available assets of the bank totaled $896,935,228, an increase of $191,273,218 over last year, and representing 81.65% of all liabilities to the public. Cash in the bank's vaults and money on deposit with the Bank of Canada totaled $112,710,000, compared with $92,755,000 in 1941. Profits of the bank showed some reduction compared with those of a year ago, owing to an increase in Dominion Government taxes, which this year amounted to $2,539,874, compared with $2,242,905 a year ago. The profit, after payment of taxes, amounted to $3,283,018, compared with $3,437,026 in 1941.

# Outsize Realty Taxes Confiscate Investment

"Taxes upon industry must be so imposed that it will not only be able to survive these uncertain days but to expand in the critical days which lie ahead," declared L. A. Rossman, publisher of the Grand Rapids (Minn.) "Herald-Review," speaking before the annual meeting of the National Council of Real Estate Taxpayers at St. Louis on Nov. 16. "There must be confidence," he continued, "to invent, to invest, to create new prdoucts, to build new plants, to employ more people and to spread the wages and earnings of industry so broadly throughout the land that the solvency of the Government will be assured by the solvency of its citizens."

Speaking on the subject, "Real Estate Taxes, Today and Tomorrow," Mr. Rossman gave a brief history of the property tax, pointing out that property cannot pay more to the support of the Government and that to exact more will be but to confiscate more.

"The task today and tomorrow," he said, "is to keep the governmental impositions on property within the realm of taxation. Taxes that are too large confiscate investment. When taxes proceed beyond certain limits, they are no longer taxes in a fair meaning of the word, but a seizure of capital investment. When taxation depresses value and discourages ownership, when taxation not only burdens and distresses but confiscates, then America is on its way to circumstances where economic opportunity is gone and government itself is in jeopardy."

# Calendar of New Security Flotations

*Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.*

*These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).*

*Offerings will rarely be made before the day following.*

## MONDAY, DEC. 14

**TRIUMPH EXPLOSIVES, INC.**

Triumph Explosives, Inc., has filed a registration statement with the SEC for voting trust certificates for 499,722 shares of common stock, par value $2 per share

**Address**—Fourth Avenue at Wood Street, Pittsburgh, Pa. Plant located at Elkton, Maryland

**Business**—Manufacturer of fireworks, flares, etc.

**Underwriting**—No underwriters.

**Offering**—Date of proposed offering or delivery of voting trust certificates Dec. 18, 1942. Peoples-Pittsburgh Trust Co., Pittsburgh, trustee. The voting trust is for the duration of the war, but not exceeding ten years from Oct. 1, 1942, the date of the voting trust agreement. The agreement may be terminated earlier by the voting trustees with the written consent of the holders of v.t.c. representing a majority in par value amount of the stock deposited thereunder

**Registration Statement** No. 2-5063. Form F-1 (11-25-42)

## THURSDAY, DEC. 17

**870 SEVENTH AVENUE CORPORATION**

870 Seventh Avenue Corp. has filed a registration statement with the SEC for $4,055,200 4½% general mortgage (income) bonds.

**Address**—870 Seventh Avenue, New York, N. Y.

**Business**—Owns and operates a hotel at 870 Seventh Avenue, New York, known as the Park Central Hotel.

**Offering**—It is proposed by agreement to modify the terms of the registrant's 4½% general mortgage (income) bonds as follows: The holders of such bonds became entitled to fixed interest thereon at the rate of 4½% per annum on Jan. 1, 1940, and interest at that rate has duly been paid on the bonds for the years 1940 and 1941. It is proposed in lieu of fixed interest that commencing with the calendar year 1942 cumulative income interest at the rate of 4½% per annum shall be paid on assented bonds. The plan is a voluntary one and does not extend to or affect the rights of holders who do not accept the plan in the manner specified. Statement says that under the plan of modification mentioned the holders of $2,422,200 principal amount of these bonds had consented to the modification of the terms thereof as in said plan provided at the close of business on Nov. 24, 1942.

**Underwriting**—No underwriter.

**Registration Statement** No. 2-5065. Form E-1. (11-28-42)

## SATURDAY, DEC. 19

**PHILLIPS PETROLEUM CO.**

Phillips Petroleum Co. has filed a registration statement with the SEC for 43,928 shares of common stock, without par value.

**Address**—80 Broadway, New York

**Business**—The company and its subsidiaries compromise an integrated unit in the petroleum industry, owning reserves of crude production in a number of fields in the Mid-Continent and Gulf Coast areas, natural gasoline plants and crude oil refineries, oil pipe lines, gasoline pipe lines and marketing outlets throughout Central United States and extending into adjacent areas

**Underwriting**—There are no underwriters in connection with this issue

**Offering**—Executive committee on Nov. 24, 1942, approved an issue of 43,928 shares of its common capital stock, without par value, for issuance if the company exercises an option received under date of Nov. 12, 1942, to acquire capital stock of Alma Oil Co. The latter, a Delaware corporation, has issued and outstanding 25,000 shares of common stock, par $100 per share. In consideration of $1,000 cash, the owners of 21,500 shares of stock granted to Phillips and Sunray Oil Co., an Oklahoma corporation (in the proportion of 79% to Phillips and 21% to Sunray), the option to purchase the 21,500 shares and such additional shares of the remaining 3,500 shares as said stockholders shall be able to deliver. In the event that Phillips and Sunray shall exercise such option, the consideration to be paid will be 43,928 shares of Phillips common stock, and the sum of $615,024, provided, that if the said stockholders shall be unable to deliver all of the shares of said common stock of Alma, the cash payment shall be reduced $98.40 for each share not so delivered. Stating the basis of exchange in terms of the consideration to be paid only by Phillips, the company will receive in exchange for the 43,928 shares of its common stock 18,749 and a fraction of common stock of Alma, which will be recorded on the company's books at $1,844,976

**Proceeds**—For exchange of stock

**Registration Statement** No. 2-5064. Form A-2 (11-30-42)

## SUNDAY, DEC. 20

**POTASH CO. OF AMERICA**

Potash Co. of America has filed a registration statement with the SEC for 65,000 shares of capital stock, par value $5 per share. The shares are already issued and outstanding

**Address**—First National Bank Building, Denver

**Business**—It is engaged, and intends to continue to engage, in the business of prospecting for, mining, refining and distributing potassium salts, known as sylvite or manure salts, and potassium chloride, known as muriate

**Offering**—The 65,000 shares will be offered to the public at a price to be filed by amendment

**Underwriting** — Maximum number of shares to be purchased by the underwriters are 42,064 of the 73,360 shares now owned by Lehman Corp., and 22,936 of the 40,000 shares owned by General American Investors Co., Inc. The underwriters are Boettcher & Co., Denver, which will purchase 21,032 shares from Lehman and 11,468 shares from General American Investors, and Laurence M. Marks & Co., New York, 21,032 shares from Lehman, and 11,468 shares from General American Investors

**Proceeds**—Proceeds will be received by the selling stockholders

**Registration Statement** No. 2-5066. Form A-2 (12-1-42)

## TUESDAY, DEC. 22

**NATIONAL RESERVE ASSOCIATION, INC.**

National Reserve Association, Inc., has filed a registration statement with SEC for 350,000 shares of common stock, par value $1 per share.

**Address** — Michigan Trust Building, Grand Rapids, Mich.

**Business**—New investment company, incorporated Nov. 11, 1942.

**Offering**—Sold prior to registration to officers 1,000 shares at $1 per share. To be publicly offered at $1 per share 349,000 shares.

**Underwriting**—No underwriter named.

**Proceeds** — To provide capital requirements of face amount certificate of company and for working capital.

**Registration Statement** No. 2-5067. Form A-1. (12-3-42)

## DATES OF OFFERING UNDETERMINED

**We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.**

**AMPAL-AMERICAN PALESTINE TRADING CORP.**

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

**Address**—1440 Broadway, New York City

**Business**—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

**Underwriting**—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

**Offering**—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

**Proceeds**—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

**Registration Statement** No. 2-5061. Form A-1. (11-19-42)

**P. L. ANDREWS CORP.**

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

**Address**—7800 Cooper Ave., Glendale New York, N. Y.

**Business**—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

**Underwriting**—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

**Offering**—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

**Proceeds**—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

**Registration Statement No.** 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Nov. 30, 1942, to defer effective date

**CURTISS CANDY CO.**

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

**Address**—622 Diversey Parkway, Chicago

**Business**—Company is one of the largest and leading candy and confection manufacturers in the United States

**Offering**—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

**Underwriting**—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

**Proceeds**—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

**Registration Statement** No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 9, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

**FIREMAN'S FUND INSURANCE CO.**

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

**Address**—San Francisco, Calif.

**Business**—Fire, motor and marine insurance, etc.

**Offering**—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

**Underwriting**—There are no underwriters

**Proceeds**—To be issued under plan of exchange

Statement filed in San Francisco

**Registration Statement** No. 2-5051. Form A-2. (10-15-42)

Registration statement effective 4:30 p.m. (EWT) on Dec. 1, 1942.

**FLORIDA POWER & LIGHT CO.**

**Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage Bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment**

**Address—25 S. E. Second Ave., Miami Fla.**

**Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida**

**Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement**

**Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment**

**Registration Statement No. 2-4845. Form A2. (9-17-41)**

Amendment filed Nov. 28, 1942, to defer effective date

**GRAND FORKS HERALD, INCORPORATED**

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942 Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept 1, 1952

**Address** — 118 North Fourth Street. Grand Forks, N. D.

**Business**—Newspaper publication

**Offering**—Bonds are to be offered at prices ranging from 100.50 and interest to 104.08 and interest

**Underwriting**—Kalman & Co., Inc., St. Paul, is the sole underwriter

**Proceeds**—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

**Registration Statement** No. 2-5049. Form A-2. (10-12-42)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

**INTERIM FINANCE CORP.**

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

**Address**—33 N. La Salle St., Chicago, Ill

**Business**—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial position of the borrower or a change in general capital markets open avenues for longer term borrowing from customary sources

**Underwriter**—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

**Offering**—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 90 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

**Proceeds** will be used for working capital

**Registration Statement** No. 2-4968. Form A-1. (3-18-42)

Amendment filed Nov. 9, 1942, to defer effective date

**LOCKHEED AIRCRAFT CORP.**

Lockheed Aircraft Corp. has filed a registration statement with the SEC covering participations in employees' retirement income plan. Statement says number of certificates for which registration statement is filed is uncertain. All participations during the first year after effective date of the plan. Aggregate offering price is given as $174,000, being estimated amount of employee contributions during first year of plan

**Address**—1705 Victory Place, Burbank, California

**Business**—Participations in the retirement income plan of Lockheed Aircraft Corp. and subsidiaries

**Underwriting**—No underwriters

**Offering**—The effective date of the plan will be Dec. 31, 1942. The plan is to be administered by a retirement plan committee, to be appointed by the boards of directors of the company and its subsidiaries. It is expected that this committee will be initially composed of five individuals, of whom a majority will be employees of the corporations. Participation in the plan is optional with each eligible employee. It is estimated that approximately 2,250 employees of the company and its subsidiaries, including 13 officers and 10 directors, will be eligible as of Dec. 31, 1942, to join the plan.

**Proceeds**—Indenture provides that funds received by the trustees may be applied toward the purchase of or payment of premiums upon annuity contracts, etc. Pending such application, funds may be held in cash or invested in securities of the United States Government, in other securities, but not securities issued by Lockheed or any of its subsidiaries

**Registration Statement** No 2-5062. Form C1. (11-20-42)

**NEIMAN-MARCUS CO.**

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

**NU-ENAMEL CORPORATION**

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

**Address**—8 South Michigan Ave., Chicago

**Business**—The company is engaged in the distribution and sale of enamels, paints varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

**Underwriting**—Floyd D. Cerf Co. is the principal underwriter.

**Offering**—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

**Proceeds**—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

**Registration Statement** No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

**Registration** effective 5:30 p.m. EWT on Sept. 14, 1942

**UNION ELECTRIC CO. OF MISSOURI**

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

**Address**—315 N. Twelfth Blvd., St. Louis, Mo.

**Business**—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

**Underwriting**—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

**Offering**—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

**Registration Statement No. 2-4940. Form A2 (2-2-42)**

**Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846**

Amendment filed Nov. 2, 1942, to defer effective date

**UNION LIGHT, HEAT AND POWER COMPANY**

**Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock**

**Address—4th & Main St., Cincinnati, Ohio**

**Business — Operating electric utility company**

**Underwriter — Columbia Gas & Electric Corp.**

**Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.**

**Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs**

**Registration Statement No. 2-4379. Form A-2. (3-30-40)**

Amendment filed Dec. 2, 1942, to defer effective date

**UNITED GAS CORPORATION**

**United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958**

**Address—2 Rector Street, New York City**

**Business—Production and sale of natural gas; part of Electric Bond and Share System**

**Underwriters—None**

**Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%**

**Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock**

**Registration Statement No. 2-4760, Form A-2 (5-15-41)**

**United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."**

Amendment filed Nov. 24, 1942, to defer effective date

## Acquires Curb Membership

The Board of Governors of the New York Curb Exchange approved a transfer of regular membership from Frederick W. Ludwig to Chester G. Breining, of Breining & Co., 17 Battery Place, New York City. Mr. Breining had been an associate member of the Exchange since 1921.

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## The Business Man's Bookshelf

**Decentralization of Securities Exchanges, The**—By Jacob O. Kamm—The Meador Publishing Company, Boston, Mass.—$2.00.

**Peace Plans and American Choices—The Pros and Cons of World Order**—By Arthur C. Millspaugh—The Brookings Institution, Washington, D. C.—$1.00.

**Way from Today to Tomorrow, The**—An Investment Analysis—By Ernest Oberhumer—Winslow, Douglas & McEvoy, 120 Broadway, New York City.—$2.00.

**Inflation And The Investor**—Axe-Houghton Economic Studies, Series C, No. 4—Tarrytown Press, P. O. Box 147, Tarrytown, N. Y.—50¢; free to public libraries and non-profit institutions.

**Wages As Cost And As Market** (Chapter IX of the forthcoming book "Price-Making in a Democracy")—by Edwin G. Nourse—The Brookings Institution, Washington, D. C.—25¢.

**War Without Inflation** — The Psychological Approach to Problems of War Economy—by George Katona — Columbia University Press—$2.50.

## Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 7 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Dec. 9 and to mature on March 10, 1943, which were offered on Dec. 4, were opened at the Federal Reserve Banks on Dec. 7.

The details of this issue are as follows:

Total applied for $1,222,832,000.
Total accepted, $504,821,000.
Range of accepted bids:
High, 99.925; equivalent rate of discount approximately 0.297% per annum.
Low, 99.907; equivalent rate of discount approximately 0.368% per annum.
Average price, 99.907 plus; equivalent rate of discount approximately 0.367% per annum.
(80% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 9 in amount of $350,874,000.

R. Hoe common
Vicana Sugar common
Spokane Int'l R. R.
Warren Bros. "B" and "C"
•
HAY, FALES & CO.
*Members New York Stock Exchange*
71 Broadway N. Y. BOwling Green 9-7030
Bell Teletype NY 1-61

## Our Reporter On "Governments"

We're now on the second week of the gigantic December borrowing. . . . Only partial figures have been issued by the various managers of the drive to date, only insufficient indications are available as to the way the campaign is going. . . . But from what we have at hand, it is obvious that the sale is proceeding magnificently. . . . The response by buyers, especially in the New York Federal Reserve District (which got an early start because of the fact that it includes the "big five" insurance companies and thus has an edge on other districts), has been so good that it is probable now that the $9,000,000,000 goal will be attained with little difficulty by a wide margin. . . . Before now, that was possible and hoped for. . . . Now it seems assured—although all this still belongs in the guessing category, of course. . . .

**Latest reports are that close to $6,500,000,000 of securities of all types have been sold to date. . . . More than $5,586,000,000 were sold in the first five days. . . . Savings banks bought more bonds than any authority had anticipated. . . . Insurance company subscriptions, while substantial, are believed to be preliminary and may be increased by the time the books are closed on the entire deal. . . . Non-bank buyers of the "on sale" 2½s came in on a much larger scale than had been expected. . . . In short, the sale is going well, the Treasury is going to get its minimum and more and the Government is going to be able to sit back and rest until February when the next big drive is scheduled. . . .**

And now to some sidelights of the financing which are both significant and interesting. . . .

### SALES TO BUY

One point seemed apparent late last week and early this week. . . . And that is that several major institutions have been selling Government and municipal bonds out of their portfolios in order to get the cash to subscribe to the 2½s of 1968/63. . . . Report is two large insurance companies in the New York district were fairly heavy sellers of tax-exempts last week. . . . It's rumored that the savings banks also have been liquidating the high-coupon, high-premium tax-exempts in order to place themselves in position to buy the new bonds. . . .

As for sales of municipals out of the portfolios of insurance companies, those have been apparent for several weeks and simply were intensified after the December borrowing got under way. . . .

**The logic behind it? Simple. . . . Insurance companies and savings banks don't need the partial tax-exemption afforded by these bonds and can afford to sell them in order to buy new taxables. . . .**

The immediate impulse? Also simple. . . . The rate set on long-term Governments is 2½%. . . . There's no reason why a tax-protected institution should hold bonds yielding less than 2½%. . . . Particularly high-premium Governments or municipals. . . .

The result? The banks and insurance companies involved are able to make a good showing on subscriptions to the new 2½s and other available issues. . . . Are able to realign their portfolios in a more profitable fashion. . . . Are able to show their patriotism to visiting salesmen and Treasury experts at the "proper moment." . . .

And there's one angle that has its significant side. . . . Incidentally, the bonds being sold are being absorbed both by the regular market and by the Federal Reserve Banks. . . . Market is under perfect control. . . . And municipal market withstood pressure of sales from insurance companies well too. . . .

### NO PUBLICITY

Now here's another point—this one not so significant and not so complimentary to the Treasury. . . . And that is the disturbing and unnecessary lack of publicity on the sales figures from day to day. . . . Throughout the first week of the drive we had no definite, official releases from the Treasury indicating how the sale was going. . . . All we had was an estimate now and then from a specific sales manager or the Victory Fund Committee (this is New York). . . . The salesmen had no more idea of the results of their efforts than independent observers and traders in the market. . . .

That's not good. . . . It's not good merchandising and it's not good psychology for salesmen or buyers. . . . Explanation of Treasury was that figures weren't complete and story on the inside was that authorities feared to publicize results because they were so good and might cause let-down in effort. . . . Neither story has much to it or merit. . . . Canada's sales of victory bonds have been aided all along by day-to-day publicity and spirit of competition was kept alive in that country by letting each district know how the other was doing. . . . As for fearing a let-down in efforts just because the first results were good—well, that's the same reasoning that has kept good news from us at times concerning our foreign affairs. . . . We in America are made of sterner stuff than that. . . . And it would be well for the authorities to remember at all times the rule of radio speakers, "never underestimate the intelligence of the American people and never overestimate the education." . . . Intelligent people can take good as well as bad news in stride. . . .

So this is another angle—slightly on the "carping" side but justified. . . . It is to be hoped that the Treasury will amend its course on this account and start publicizing the results either daily or every other day. . . .

### TAX-EXEMPTS

Weakness in tax-exempt list has been dominant in regular market during past few days—another sidelight. . . . Cause explained above has been selling by tax-protected institutions. . . . Additional angle, though, is that buyers haven't been too plentiful and considering the awareness among investors of the tax outlook, this is an intriguing point. . . .

**Possible explanation is that many institutions and individuals fear tax-exemption feature of these outstanding Governments isn't too safe or sound. . . . So much has been said and written about tax exemption and its end—near-term or eventual—that few investors still have faith in the indefinite continuation of the privilege. . . . Right or wrong, that's a psychology apparent among informed sources. . . . And it explains the comparative dogginess of the tax-exempts at a time when the natural inclination of most investors would be to put as much money as they could into this class of obligations. . . .**

### INSIDE THE MARKET

Repeated awards of weekly discount bills at the ⅜ of 1% rate confirm indications that market today is under excellent control. . . . Rate for 90-day stuff is definitely set for an indefinite period at ⅜%. . . . Similarly, rate for one-year stuff seems to be definitely set for indefinite period at ⅞%. . . . Most that could be expected on long-term stuff is 2.9% rate, available on the Series E bonds, 2½% rate available on the "taps." . . .

One dealer says he can't see any more than 1% for one-year stuff for a long time. . . . So present ⅞% rate on c.is seems attractive. . . .

If you're buying Governments with cash on hand, you can afford to spread out and buy 2½s. . . . If you're borrowing to buy Governments—as many institutions and individuals are—the wiser course is to confine your purchases to the short-term bonds or the ⅞% c.is, according to experts. . . .

Don't extend yourself too far, if you're on margin in the Government market, in other words. . . . No matter how strong the control appears today. . . . Some day matters may change and that's when the over-extended investor will get caught short. . . .

**Public debt has crossed the $100,000,000,000 mark—and no one seems to notice it. . . . Another lifting of the maximum on debt allowable will be coming this spring. . . .**

New York district has bought $3,000,000,000 of the "December basket" to date. . . .

Fact that war bond sales didn't reach quota in November is shocking and indicative of the wasteful methods followed so far in selling the Series E bonds—so far the most attractive Governments available (if you are eligible to buy them). . . . Sales totaled $734,500,000, against a quota of $800,000,000. . . . Quota for December must be reached and quotas must be expanded if these bonds are to reach the people who are getting the biggest salary increases now. . . .

SHARE
Your Christmas Giving
With
The Salvation Army

WRITE
The Salvation Army
Into
Your Will

## Fred Reichard Joins E. H. Rollins Dept.

E. H. Rollins & Sons, Incorporated, 44 Wall Street, New York City, announce that Fred W. Reichard has become associated with their Municipal Department. Mr. Reichard formerly conducted his own securities business in New York City, and, in the past, was a principal of Sherwood & Reichard and was in charge of the municipal department for Dick & Merle-Smith.

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The COMMERCIAL & FINANCIAL CHRONICLE

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# Roosevelt Gives McNutt Full Control Over Manpower–Voluntary Enlistments Ended

President Roosevelt, in an Executive Order issued Dec. 5, transferred the Selective Service System to the War Manpower Commission, under Chairman Paul V. McNutt, terminated voluntary enlistments in the armed services of men between 18 and 38 years of age and gave the WMC virtually unlimited power to hire and transfer workers into the most essential jobs.

In its advices from Washington Dec. 5 the Associated Press said:

"Shortly before the White House issued the manpower order, the War Department announced that henceforth it would not induct men 38 or older except to get needed skilled personnel not otherwise obtainable. The Army's minimum age is 18, but the Navy may still accept enlistments by men 17 or over 37.

"The Selective Service System, meanwhile, telegraphed all State directors to suspend at once induction of registrants over 38. All men 38 through 44, henceforth, will be placed in a new class—4-H."

The same advices likewise stated that the order made Mr. McNutt subordinate only to the President himself. It was added:

"It made both the War and Navy Departments completely dependent upon Mr. McNutt in meeting their manpower commitments and placed every agency of the Government at Mr. McNutt's disposal in all matters involving manpower."

The President stated in his order that it was issued "in order to promote the most effective mobilization and utilization of the national manpower and to eliminate so far as possible waste of manpower due to disruptive recruitment and undue migration of workers."

In giving Mr. McNutt power over the Selective Service System, the President directed that the Army and Navy will now be required to determine the number of men needed each month and the WMC chairman will furnish them. Mr. McNutt, however, is expected to retain Maj. Gen. Lewis B. Hershey as Director of Selective Service, thus keeping this administrative set-up unchanged.

Under the order, the United States Employment Service becomes the central agency through which all of the hiring, rehiring, solicitation and recruitment of workers will be made in critical defense areas as designated by Mr. McNutt.

The following is the text of President Roosevelt's Executive Order on manpower:

### Executive Order

Providing for the most effective mobilization and utilization of the national manpower and transferring the Selective Service System to the War Manpower Commission.

"In order to promote the most effective mobilization and utiliza-

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# FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

We may be wrong, but our recollection is that it was predicted in this column a few weeks ago that one of the first things the new revitalized Congress intended to do was to look into, and possibly curb, the activities of the BEW, more fully known as the Board of Economic Warfare. It so happens that the old Congress, sensing the times, has made overtures to this end, whereupon Jesse Jones and his great rival, Eugene Meyer, publisher of the Washington Post, are back in the picture.

The story is this, and we think it is important, because personalities are ruling the world and making what will later come to be looked upon as history. Well, it so happens that there is a great rubber shortage in this country. As Mark Sullivan would say with his usual understatement, this is a helluva important thing. If we are taken off of rubber we have lost the war. Ever since this rubber shortage came up, there has apparently been not so much effort to relieve it, as there has been to make somebody the goat. Of course, making somebody the goat won't relieve the rubber shortage in the slightest, unless it is a matter of pouring all of the controversialists into a boiling pan and using them for blubber, out of which we imagine, rubber could come.

How has the controversy gone? A few months ago, the New Dealers thought they had a perfect set-up. Jesse Jones was responsible. The reason they thought he was responsible, was because he had been a stumbling block in

(Continued on page 2075)

## Notice To Our Readers

**Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.**

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# THE FINANCIAL SITUATION

"There ought to be a law" was once supposedly the standard response of the average American to any situation which displeased him. In Washington these days the response apparently is: "There ought to be another Czar." There the accepted cure for faulty administration or management is additional administrators or managers with more sweeping and more ill-defined powers. There soon follow more regulations and more confusion and more forms, questionnaires and reports to add to the burdens of the already harassed business man and citizen. Within the past few days a manpower Czar and a food Czar have been added to the list, and to the disorder in Washington which appears to the ordinary man to be the chief cause of the difficulties these new dictators are called upon to relieve.

### The Scandal Stage

The food situation has reached the scandal stage, and the trouble appears, so far as any one can learn the facts in the welter of reports and counter-reports emanating from the Government, to be not with any underlying shortage of most items of food but with the snarl into which regulation piled upon regulation has thrown our system of distribution. What with quotas, arbitrarily fixed price ceilings, and all the troublesome and confusing regulations that accompany them, foodstuffs simply do not flow normally through the usual channels to the consumer. Unprecedentedly high wages have greatly increased the consumption of many kinds of food by large groups of the population—when they can get it—and the Lord knows how much is being bought for lend-lease purposes, or always what those purposes are. All this along with the large demands from the Army and Navy without question puts our supplies under somewhat of a strain, but it appears to be evident that our over-all supply of many items is not by any means so limited as to explain their downright scarcity in the retail stores at many points. These same items are not infrequently found to be relatively abundant in a fairly nearby town, and, indeed, sometimes, in another section of a large city.

Rationing, which was invoked avowedly to make certain that all would be treated alike; price ceilings established for the professed purpose of protecting the less well off sections of the population and various other interferences of public officials with our system of distribution appear to be having an effect very nearly opposite to that for which they were invoked. It certainly can not be said that individuals throughout the land are faring anywhere nearly

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## Hear! Hear!

***Personally, I am not interested in any other form of government or form of economy than our own. I admire beyond expression the stand the Russians have made. They are fighting nobly for Russia and Soviet ideals. We're fighting for America and American ideals. I am not making guns or tanks to win a "people's revolution." I am making armament to help our boys save America. I don't want any "modified" free enterprise or Bill-of-Rightless democracy. Immediately after the war, government aid to war-torn countries is a foregone conclusion. But not the rehabilitation of their economy or the reforming of their lives. I am not fighting for a quart of milk for every Hottentot, or for a TVA on the Danube, or for governmental handouts of free Utopia.*—W. P. Witherow, retiring President of the National Association of Manufacturers.**

**Here is a forthright utterance of plain common sense.**

**It comes as a breath of fresh air in an intellectually smoke-filled room.**

**May it prove to be an effective rallying cry!**

## Army Suspends Draft Of Men 38 and Over

The War Department announced on Dec. 5 that effective at once and until further notice the acceptance for induction for the Army of men who are 38 years of age and over is suspended. It may be necessary to waive this suspension from time to time in order for the Army to obtain skilled men not otherwise available, but if this becomes necessary every effort will be made to secure the required men from other than essential war industries or occupations, the War Department explained.

At the same time, the Department announced that certain enlisted men now in the Army who, by reason of age (38 years and over), are unable to satisfactorily perform military service but who are qualified to assist the national war effort, may be honorably discharged from the Army in accordance with the following provisions:

(A) The soldier has voluntarily requested discharge in writing to his immediate commanding officer.

(B) The soldier is handicapped by advanced age, 38 years and over, to such an extent that his usefulness to the Army is secondary to that of industry.

(C) The soldier has presented satisfactory evidence that he will be employed in an essential war industry, including agriculture, if he is discharged from the Army.

Each application for discharge under the above conditions, it is said, will be considered on its individual merits and no soldier will be discharged unless a suitable trained replacement is present and available.

The War Department's announcement further said:

"The War Department stressed the fact that the provisions for discharge of men 38 years of age and over are subject to revision or revocation at any time and that acceptance of an application for discharge under the above cited conditions will not be considered as a promise to release any individual. Acceptance of an application means merely that the soldier's request will receive consideration. It was emphasized that any discharges from the Army under this plan will be granted in furtherance of the war effort and not as a right of the individual.

"The action of the War Department in suspending induction, as well as authorizing the discharge of certain men in the age group 38 and above, was taken as a result of experience gained during the past three years, which indicates that men 38 years of age and over are, in general, physically less able to withstand the rigors of present-day combat activities and that many of these men can make a more effective contribution to the war effort in industry rather than in the Army."

## To Study NYC Job Problem

A three-man committee to conduct a study of the problems of unemployment, idle factory and idle machine tool equipment, and smaller businesses in New York City, has been appointed by New York Governor-elect Thomas E. Dewey. The group, named to report the facts, and a program of action, consists of John W. Hanes, former Under-Secretary of the Treasury and Chairman of the Executive Committee of the United States Lines; David Dubinsky, President of the International Ladies' Garment Workers Union, and Delos Walker, Vice-President and Secretary of R. H. Macy & Co., Inc. Elliott V. Bell, member of the editorial board of the New York "Times," will act as consulting economist to the committee. Mr. Hanes will serve as chairman of the group.

*Editorial—*

# Another Investigation Coming?

By W. C. BETTS

Verily, these are days that stir our souls, or spoil our sleep, as our thoughts roam from the Home Front to the Water Front, and thence to the Second Front. In Washington, even the men who came from the far hills and the prairies to place their feet on sturdy desks, the better to fashion new laws and amendments, are possessed by aching thoughts, that they dare not "frank" to the farms and homesteads. A war is on, and though too many of them, too often seem not to know this, they are now faced with a reminding void: the big brass spittoons, without which no legislative inspiration seemingly could arise, have gone—some seven hundred of them — to be turned into bullet-casings. Thus transmogrified, the cuspidors will be shot, and no longer shot at. So it goes; and when the clarion sounds, nothing is left to each of us but to do his bit.

In this year 1942, on Nov. 20 to wit, some men of the law, away from their haunts in the nation's capital, and 'way down South in Georgia, showed us that they, too, could do their bit, a wicked bit. There, they induced a Federal grand jury, acting with the stealth of a tortoise, to hand down an indictment which charged the South-Eastern Underwriters Association with conspiracy and monopoly. One hundred and ninety-eight fire insurance companies, members of the Association, and 27 of their officers, were accused of violating the laws of five States in which the Association is active.

From the Aetna Insurance Company, of Hartford, alphabetically down to the Yorkshire Insurance Company, Ltd., of England, the roster includes, with few exceptions, all capital stock fire insurance companies operating in this country. And as the companies are still licking their wounds, and smarting from a fight of several years with the Insurance Department of Missouri—where they got the worst of it—it is no wonder that the newest indictments are causing varied degrees of apprehension, from major care to minor concern. For it looks as though the law would again a-spanking go!

No policyholder need be the least bit perturbed; but vexation and annoyance may lie in wait for the stockholders in the fire companies, and, by analogy, in their casualty satellites. The gist of the accusations is that the fire companies conspired to commit the following misdeeds: (a) sold fire insurance at rates established by the association; (b) paid commissions to their agents at rates which it established; (c) adopted classifications of types of risks; (d) adhered to standard terms, conditions, and clauses relative to the coverage of various types of risks; (e) withheld reinsurance facilities from non-association companies; (f) withdrew from agencies representing non-members; (g) threatened to boycott persons buying fire insurance from non-members; (h) disparaged the service of non-members; (i) established inspection and rating bureaus to implement the agreement. The scene of these barbarities was six States: Alabama, Florida, North Carolina, South Carolina, and Virginia. There, during the years 1931-40, the members of the Association received 90% of the premiums paid, and made commensurate profits.

* * *

Considering the seriousness of the situation which faces the nation on five continents, one asks immediately why these legal bludgeons had to be twirled at this very time, and what was the pressing necessity which did not even permit a test case to be stated and tried, so that 198 company representatives had to assemble from all ends of the country, wherever and whenever the gentlemen of the law performed their ponderous and tortuous tasks? And in answer, one jumps to the conclusion that the fomenters of all this pother must be men who wear size three-and-a-half in hats, and that their prosecution of the companies must be vindictive. If not that, the next thought must be that, beneath the untimely action, there lies a topsy-turvy conception of patriotism, like unto that which proclaims that "We can take it" when "We" shave with cold water instead of hot, or festoon a dancehall for the soldiery, to build up "morale."

Perhaps the wholesale indictments spring from the mistaken idea that it is useful to divert the attention of the timorous public from harrowing headlines and hysterical exaggerations of reversals. Or, mayhap, more charitably, the explanation lies in a genuine desire to gang up with the votaries of all usual pursuits (as long as they are "good for the country") including arc-light baseball, torch singing, and teaching ducks how to shed water from their backs.

Yet another thought occurs to one: perhaps the forensic tamperers with the time-sanctioned liberties of the companies merely claim the privilege of preparing for the peace which must follow the war, a peace which, we have heard, must lift the face of the world and uplift the thoughts of its inhabitants.

Whatever one ponders, the weight of the evidence seems to be against that particular view. So that in sheer desperation of seeing the light, one would like to say that someone, wholeheartedly lacking in a sense of proportion and as frisky as a carnival Pantaloon, indulged in a merry whim and thereby plunged the fire insurance industry into a disquieting mood, at a time when it prefers to devote its spare moments to helping rid this earth of Mr. Adolf Schickelgruber and his pestilential band. No matter what may be the motive, it looks like a bad technical blunder. Unless . . . . could it be?

* * *

It is scarcely credible that 198 insurance companies were dragged into court for the purpose of fining each of them $5,000, for its asserted villainies: the total of fines collectible would be negligible, and mostly eaten up in cost. Nor do we find any strange bid for popular acclaim: as was to be foreseen, the public reaction to the histrionics in Atlanta is complete indifference—at least, for the present—to any depositions about such things as fire insurance premium rates, reinsurance facilities, or the rule of non-intercourse with flagitious agencies.

However, there is one motive, coldly cynical perhaps, but strictly consonant with Real-Politik. We see it in the fact that, as we are credibly informed, the law visited the offices of the South-Eastern Underwriters' Association and helped itself to some eight truck-loads of archives and documents. And this must have been done for one purpose: not to counter any sweeping assertion that the counts in the indictment are a tissue of lies; nor to show that these counts are documentarily sustained. No one in the insurance business, with two ears and one eye, will deny, under oath, that most of the details of the accusation are substantially true, and self-evident.

The steps taken by the law, so far, are but the prelude to the action to be taken when, as they have done, the companies move to quash all subpoenas on the ground that the business of insurance is not "commerce." That contention, it seems to us, once again is going to be disputed before nine gentlemen in black robes: in 1868, in 1890, and again in 1913, the Supreme Court upheld it. But of late years, many of its rulings have indicated that as times change so do the Justices, and so do their "interpretations."

Since the relatively soft words spoken in Atlanta merely pave the way for further steps, we venture to outline them, of course without claiming any gifts of uncanny vaticination. The insurance companies have been indicted, in spectacular fashion, as part of a plan to make them amenable to Federal control and supervision. To this end, the immediate proceedings should result in a "victory" for the companies. But before this happens and before an appeal to a higher court is taken, the car-loads of documentary information seized by virtue of the indictment will have been screened and sifted for horrendous examples of depravity and malfeasance, and the next step will hinge on the rate of pay-dirt to the ton. If it runs high, it will furnish the justification for a lively investigation, judicial or Congressional, in which every effort will be made to bring out "illuminating" facts. These will be embodied in a report which will tend to show that insurance is commerce, or at any rate that for the purpose of giving effect to the Sherman Act, a good milch cow such as the insurance business, is and should be a sumpter mule.

Whereupon, the Supreme Court will be furnished with an opportunity to intervene in the matter. Since, for obvious reasons, it is hard to find the legal fraternity all of one mind, there will be many opportunities to spend money on both sides of the controversy. And if we were asked for the probable outcome of the polemic, we would say, without hem or haw, that the insurance companies would be found, at long last, to be in commerce, not only when they sell cottages, or motor cars, or Persian rugs, acquired by them as salvage in a fire or casualty loss, but whenever they sign a contract allowing them to do these and other things, in compromise or otherwise.

And then, what? If you take a telescopic look from the roof of the Federal Building in Atlanta, in a northerly direction, you may see on any clear day, several big signs. These are not clearly readable, but you will make out enough letters to let you piece together the words "Federal Supervision Coming."

* * *

Whether the future will establish the fact that these tentative prognostications were right, or partly so, or not at all, is of little moment. Of importance, and perhaps urgency, is the need, on the part of Fire, and Casualty insurance com-

*Editorial—*

# Should Congress First Axe Re-Negotiation?

Of all the various measures that the new Congress should consider for immediate repeal few will rank higher on the list of those impeding the war effort than the statute requiring the re-negotiation of war contracts. True, some of this law's more grievous flaws were removed by the recent amendments to the revenue law, but any doubt that in general the measure is a mischievous hindrance to war production should have been removed by developments at last week's Congress of American Industry.

In the first place, the jammed room of worried industrialists at the panel discussion of the law attests to the fact that it is still absorbing much of the manufacturers' time, time that could better have been spent devising new and better methods of production. In the second place, the chief speaker at this session, one of the major administrators of re-negotiation, Mr. Maurice Karker, Chairman of the War Department Price Adjustment Board, by his very defense of the law most strikingly, if unintentionally, drove home the statute's evils.

Mr. Karker, of course, is no bureaucrat but is the successful president of the Jewel Tea Co., who sincerely believes in re-negotiation and defends the law and its administration in the language of the rugged individualist. But being honest, and no bureaucrat, he does sometimes reveal the injustices of the measure.

In response to a question, Mr. Karker admitted that there was absolutely no coordination of policy between the various agencies that actually re-negotiate war contracts and attempt to recapture excess profits. The War Department's Board may establish one policy, the Navy another, and the Maritime Commission a third. It was brought out at the meeting that the Navy has sometimes rather arbitrarily hailed a contracting manufacturer before it for re-negotiation without advance warning of any kind, while the War Department's Board always gave reasonable advance notice of its intentions. Other speakers brought out that the three agencies likewise might differ considerably as to what were considered excess profits, or what were unreasonable costs that could not be charged against war production contracts.

In other words, to a great extent the treatment a corporation may receive and the profits it may be allowed under re-negotiation may depend to a great degree upon whether the major portion of its sales are to the War, or to the Navy Department.

Chairman Karker freely admits that the absence of any coordination between the three chief contracting agencies is absurd and when asked why coordination had not been achieved he snapped, "It's too sensible."

Mr. Karker also pointed out another ridiculous condition now existing which many industrialists thought had been corrected by the recent amendments. The amendments clearly give the Price Adjustment Boards of the three departments the right to engage in overall re-negotiation of all of a firm's contracts and provide that regional contracting offices, such as Ordnance or Navy procurement offices, shall not re-negotiate contracts after the Boards have assumed jurisdiction over a company's contracts.

The chairman pointed out, however, that the Boards can only give clearance for the current fiscal year. He went on to assert that shortly after Jan. 1 all of the regional contracting offices—25,000 in number—would rush in on war contractors and demand that contracts in their locality be re-negotiated. Then, presumably after busy manufacturers have argued and worried with these regional representatives for some weeks, the Price Adjustment Boards will again step in and make an overall review of all a manufacturers' contracts for the new year, once again stopping the activities of the regional officials.

Isn't this whirling circle ridiculous? Stop for a moment and consider what is going on. A manufacturer has after appropriate negotiations completed a contract with one of the regional War or Navy Department offices. Then the regional representative and the Price Adjustment Board are taking turns trying to shave down the price of a contract to which both contracting parties had agreed after due deliberation!

What does it accomplish? Well it keeps a bureaucracy busy. Chairman Karker himself freely admits the danger that bureaucracy will grow, and pleads with industry to lend him its best executives so that the law will be fairly and efficiently administered. One might paraphrase his request by saying that good men are wanted to keep a bad law from becoming worse.

Just one other admission from the frank, hard-hitting chairman who warns businessmen that re-negotiation is no "panty-waist" affair. In answer to a technical question he replied, "Don't worry, that question, just like so many aspects of this law, is going to be bruited about in the courts for years to come."

One must pause here to interject—is it worth while to keep on the books a law that will provide aggravation and expense for years to come?

There can be no doubt but that Mr. Karker did not exaggerate the probable legal difficulties under the statute. The very heart of the law, its basic definition, is of the blanket blank check variety that might well have come from Gilbert and Sullivan, or Alice in Wonderland. Here it is:

"The term excess profits means any amount of a contract or subcontract price which is found as a result of re-negotiation to represent an excessive profit."

This sentence is not a joke, it actually exists! Moreover, it is the only definition—and of course it is no definition at all—in the law of the excess profits the price adjustment boards are trying to recover. In passing this definition—and it is to be found in the recent amendments, not in the original law—Congress might better have said, "The Price Adjustment Boards can take back from a war contractor any sum they please, proceeding in any fashion they please, without any limit or restriction whatsoever, and God help industry if the Boards are not fair and reasonable."

Certainly a law so loosely phrased, permitting of so capricious and arbitrary administration must indeed spend many years in the courts.

To what avail? What can re-negotiation accomplish? Let us briefly glance at the justifications for this law which supposedly offset the new flaws cited above which are admitted even by Chairman Karker.

Its supporters claim the law is necessary to hold down excessive profits. Well, the financial reports show that profits of the war industries are a third or so less than in 1941, and 1941 profits generally were well below the peaks of the 1920's.

The supporters also say that re-negotiation is necessary to reduce contract prices on new items of equipment for which the costs could not be estimated before the item went into mass production. Actually, this is no problem at all. When and if such a situation should occur and unreasonable profits result, does anyone imagine that the contracting service, be it the War or the Navy Department, would have any difficulty in forcing the contractor to reduce prices? Even if it be contended that a law should exist to direct re-negotiation in such cases why not frame the statute to apply to such cases, instead of enacting the present statute which applies to items of ordinary commercial manufacture, subject to a price ceiling, as well as to all ordnance equipment of all types.

Finally, it is contended that ne-negotiation already has saved the nation one billion dollars. Let us look at that for one moment. This saving represents the amounts by which the **gross sales** (not profits) of contractors have been reduced as a result of re-negotiation. But, if there had been no re-negotiation much of the resulting profit on those sales would have been drawn into the Treasury in any event. At the most the actual savings to the Treasury from the one billion of refunds hardly would exceed $100,000,000 if that much.

In exchange for savings of that sum, every war contractor in the country has been forced to hire extra accountants and engage in elaborate and costly studies to defend the profits that they are earning—profits which are subject to a tax that may take up to 80% of corporate net income! One executive told a Congressional investigator that his auditing department had tripled in two years. Another executive, the president of one of the 10 largest war contractors, reported that the top officials of the enterprise spent more than half of their time on re-negotiation for a period of many weeks.

This law so loosely-phrased as to invite constant litigation, certain to foster a bureaucracy, administered by three agencies which make no attempt at unifying or coordinating policies, but which harry all war contractors in time-consuming statistical and accounting surveys, and which at best will save only trifling sums for the Treasury—sums which the Treasury itself could save under its revenue law procedures—this law should be one of the first considered for repeal by the new Congress.

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panies, to scrutinize the woof and warp of their organization, in all its aspects, from the standpoint of the public, the shareholders, and, generally, of the new era which will come when the guns have ceased to roar.

However, we have no time to go further into that, today.

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## Paralysis Fund Drive To Use FDR's Birthday

Saying that the work of the National Foundation for Infantile Paralysis must be continued, President Roosevelt has authorized the use of his birthday, Jan. 30, 1943, in its fund-raising drive.

This was revealed on Nov. 16 by Basil O'Connor, President of the Foundation, who made public the President's reply to his letter asking for the authorization of the birthday celebrations.

The President said that in these times the question whether his birthday should be publicly celebrated as heretofore in the fight against infantile paralysis "must be judged in relation to other activities that we know are necessary to accomplish the one thing we all seek—victory in this war."

Disease, the President said, was always a "powerful enemy of man" and in wartime, particularly, in epidemic form, "a factor which continuously gives us great concern."

The President further said:

"The intensive fight we have been carrying on against infantile paralysis over these ten years—a short time in the history of any disease — has shown remarkable results, as you say, but more than that, it has followed a course which indicates that we will succeed in this struggle. Through intelligent planning and wise coordination, we are prepared, if necessary for a long-time fight against this disease.

"I feel as you do, that any interruption in this work would be extremely inadvisable unless obsolutely necessary. More than that, I also think that such a fight as that being waged against infantile paralysis or any other as yet uncontrolled disease is an essential part of the main struggle in which we all are engaged—a struggle to make tomorrow's world a better world in which to live.

"While we fight this global war, we must see to it that the health of our children is preserved and protected so that they enjoy that better world — for tomorrow's America will be as strong as today's children. We must help them win their victory over disease today.

"As I have said in the past and repeat now—nothing is closer to my heart than the health of our boys and girls and young men and young women. To me it is one of the front lines of our national defense.

"I feel strongly, therefore, that the work of the national foundation must be continued and I am happy to have it use my birthday in its 1943 fund-raising drive."

## Used-Car Rationing Not Planned By OPA

The Office of Price Administration recently denied that it intended to ration used automobiles at present.

Paul M. O'Leary, Deputy Administrator of the OPA in charge of rationing, said the statement was made in response to many inquiries.

"Rumors that we are at the point of putting a used-car rationing program into effect are false," Mr. O'Leary said.

"Naturally, we have studied the subject, but our preliminary conclusions are that most of the used cars being sold are already going to persons who would be eligible to buy them under any rationing program we might devise."

Mr. O'Leary estimated the present stock of used cars in the country at about 300,000, which he called adequate for present needs. If a supply continues to be available for essential workers at fair prices, Mr. O'Leary added, there would be no need for rationing.

## Taxes and "Excess Purchasing Power"

The comment made by Carlton A. Shively in his column in the New York "Sun" last week with respect to the proposals being repeatedly advanced to tax away so-called excess purchasing power bears repeating. He said:

"Of all the misleading catch-phrases in common use among the pseudo economists that of 'excess purchasing power' is likely to do the most harm. We are told that the public now has excess purchasing power, figured as the difference between the national income and the portion of the national income taken by the Treasury, used for debt repayment and other routine exchanges. If, for example, the statisticians figure that the national income has risen from $80,000,000,000 to $120,000,000,000, then the additional $40,000,000,000 ought to be added to the tax bill, or the compulsory savings bill, so that it be not spent in a manner to encourage inflation. It is absurd to suppose that the general run of Americans have larger incomes now than they had before the war. On the contrary, many have smaller incomes, and all have smaller sums to put away after meeting higher taxes and living expenses. Only the new wage-earning class, and a comparatively few business men have expanded earnings. Corporations have made more, but excess profits has meant a lowering of dividends. Individual income taxes certainly should not be raised on a percentage basis to correspond with the percentage rise in the estimated national income."

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# The State Of Trade

A number of the heavy industries showed declines for the week though figures generally were substantially above last year. Retail trade shows quite an upsurge, bringing Christmas shopping strongly to the fore, while colder weather acted as a further spur to trade.

Electric power production in the week ended Nov. 28th declined from the previous week's record high, but still was 12.8% greater than the like period of 1941, the Edison Electric Institute revealed.

**Output this week stood at 3,766,381,000 kilowatt hours, compared with last week's record figure of 3,795,361,000. In the comparable week a year ago the total was 3,339,364,000.**

The Southern States led the major geographic divisions in percentage advances over 1941, with a 29% increase. The Pacific Coast was next in line with a gain of 20%.

Car loadings of revenue freight for the week ended Nov. 28, totaled 743,533 cars, according to the Association of American Railroads. This was a decrease of 92,894 cars below the preceding week this year, 122,647 cars fewer than the corresponding week in 1941, and 15,008 cars above the same period two years ago.

This total was 116.15% of average loadings for the corresponding week of the 10 preceding years.

Operations in the steel industry this week are expected to be at 98.6% of capacity, an indicated output of 1,686,700 tons, the American Iron & Steel Institute reports. This compares with an operating rate of 98.3% last week, or indicated output of 1,681,000 tons.

A month ago operations were at 99.6% of capacity, or output of 1,703,800 tons a week, while a year ago the rate was 97.5%, or 1,610,900 tons.

The Institute reports that November production of 7,184,560 tons of steel ingots and castings set a new high in steel production for any 30-day month on record.

The average of 1,674,723 tons of ingots was produced a week during November, compared with 1,712,159 tons a week in October and 1,622,584 tons a week in November, 1941.

A billion-dollar net income for the railroads this year was forecast by the Interstate Commerce Commission.

Estimating the income at $707,000,000 during the first 10 months, the Commission said, the total for 12 months would exceed a billion if the November and December increase over 1941 approximated that of October, which was 152%. Net income is the sum left after interest, rentals and all taxes.

Operating revenues of Class I steam railroads for October, 1942, amounted to $745,584,165, a gain of 44% over the October, 1941, total. The corresponding percentage gain for September was 42.7, for August 38.5 and for July 37.0.

"This continued acceleration in the total revenues is the effect of a nearly stable level for freight revenue relative to 1941 and a very rapid increase in passenger revenue," the Commission stated.

The usual upsurge in retail trade, following the Thanksgiving holiday, reflected a strong Christmas shopping demand, while colder weather also played its part in increased buying, according to the weekly review of Dun & Bradstreet, Inc. Although buying in total was at record levels, the holiday sales picture was reported as "spottiest in some years," with the curtailed supplies of durable goods popular as gifts shifting buying more than usual to soft good lines.

Record buying was fast reducing retail stocks, which on an average, were well above a year ago at the start of the holiday season. Inventories were irregular and growing more so; consumers found broken assortments in very popular lines.

Department store sales on a country-wide basis were down two per cent for the week ended Nov. 28, compared with the corresponding week a year ago, it was shown in the weekly figures made public by the Federal Reserve System.

The year ago comparisons for the United States total and for some districts reflect differences in the date of Thanksgiving Day this year and last.

Department stores sales in New York City in the week ended Nov. 28, were 16% smaller than in the like 1941 week, and in the four weeks ended Nov. 28, were 3% larger than in the corresponding period a year ago, the New York Federal Reserve Bank reported.

Department store sales in New York City in the week ended Dec. 5, were 2% larger than in the corresponding week last year, according to a preliminary estimate issued by the New York Federal Reserve Bank. The decline shown in the previous week was due to the fact that there were only five shopping days, against six in the comparable week a year earlier, caused by the different date for Thanksgiving this year.

The Department of Agriculture reported that farmers received 36% more income from sales of agricultural commodities and government benefit payments in the first ten months of this year than in the corresponding period last year.

The income was estimated at $12,681,000,000, compared with $9,340,000,000 a year ago. The Department said prospective marketings in the last two months indicate that the total 1942 income will equal the $15,000,000,000 forecast earlier.

Looking ahead, the department said it is probable that farm income in the early months of 1943 will be somewhat higher than in the corresponding months of this year, because of record quantities of crops and livestock expected to be moving to market at prices about the present level.

The people today have more money and more purchasing power than at any time in the nation's history. Income payments to individuals this year are expected to exceed $116,000,000,000, an all-time high. This compares with a national income of $82,000,000,000 in 1929 and of $70,000,000,000 in 1939, the year in which war began in Europe.

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## Lehman Named Director Of Foreign Relief

Herbert H. Lehman, former Governor of New York, was sworn in on Dec. 4 as Director of Foreign Relief and Rehabilitation Operations of the Department of State. Mr. Lehman took the oath in President Roosevelt's office in the presence of high Government officials and members of his family.

The President handed Mr. Lehman two commissions, one of which was the formal notice to direct foreign relief and rehabilitation and the other being the actual appointment from Secretary of State Hull at a salary of $10,000 a year. Mr. Lehman said in a statement: "In inaugurating the program as Director of Foreign Relief and Rehabilitation I intend to give due attention to the problems of the many millions among our Allies who have suffered severely from the horrors of war, not in one continent or region alone, but wherever they are found in need, and to such extent as capacity to be of assistance exists."

The President gave Mr. Lehman a letter expressing gratification over his acceptance of the appointment. The letter follows:

"Reposing special confidence in your ability to discharge the many-fold duties which lie before you, I am gratified by your acceptance of the appointment to the post of Director of Foreign Relief and Rehabilitation Operations.

"Your untiring services to the State of New York are a sure witness to the success of the great task which lies before you.

"Your new associates, and your old, in the Federal Government welcome you to Washington, and hold themselves ready to work with you to the end that the four freedoms may spread through all the earth."

Mr. Lehman resigned as Governor of New York on Dec. 2 after ten years in that post, although his term of office would not expire until Dec. 31.

The White House's formal announcement of Mr. Lehman's appointment by the President on Nov. 21 said that Mr. Lehman "will undertake the work of organizing American participation in the activities of the United Nations in furnishing relief and other assistance to the victims of war in areas reoccupied by the forces of the United Nations."

The statement further said:

"This is a step in the President's program of mobilizing the available resources of this country in food, clothing, medical supplies and other necessities, so that it may make an immediate and effective contribution to joint efforts of the United Nations in the field of relief and rehabilitation.

"'Governor Lehman's appointment assures that this country will play its part in such efforts."

Mr. Lehman conferred in New York City on Dec. 3 with former President Herbert Hoover, Relief Administrator during the last war, as to the problems faced. Mr. Hoover said he had "urged very strongly that our government take up immediately the problem of food for the occupied democracies of Europe—Belgium, Holland, Norway and Poland and an extension of aid to Greece."

Mr. Lehman previously (Nov. 25) discussed plans for his new job with President Roosevelt at a White House luncheon. He also conferred with Dean Acheson, Assistant Secretary of State, and with Senator Connally (Dem., of Tex), Chairman of the Senate Committee on Foreign Relations; Representative Bloom (Dem., of N. Y.), Chairman of the House Committee on Foreign Affairs, and other Congressional leaders on Nov. 25.

At the Executive Mansion at Albany on Nov. 29 the Governor bade farewell to officials and the public and on Dec. 1 made a report to the people over a Statewide radio hookup.

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## Government Agencies - Supervisors Committee Agree On Loans Upon Government Securities

The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Executive Committee of the National Association of Supervisors of State Banks agreed on Nov. 24 upon the following joint statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities.

"1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.

"2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short term or amortization basis fully repayable within periods not exceeding six months.

"3. Banks wil not be criticized for utilizing their idle funds as far as posible in making such investments and loans and availing themselves of the privilege of temporarily bororwing from or selling Treasury bills to the Federal Reesrve Banks when necessary to restore their required reserve positions."

The "Wall Street Journal" in its issue of Nov. 24 had the following to say in part in advices from its Washington bureau:

"The policy statement was agreed upon at a three-hour conference on Sunday in the offices of Chairman Marriner S. Eccles of the Reserve Board.

"The statement is understood to have been prompted by the open-market committee of the Reserve System, composed in large part of the members of the Reserve Board.

"In working out the policy it was decided to eliminate references in an original draft which dealt with bank capital ratio to resources. It had been planned originally to declare the old ratio of 10 to 1 as an antiquated measure of liquidity and safety for banks during the wartime period.

"The references to capital also had included suggestions that banks set aside part of their current earnings to build up reserves against future losses in assets other than governments. This, however, was considered as entering into the earnings and dividend-payment field, which some officials felt was not properly before the group.

"Mention was made at the meeting also of the need for some special type of security for the small country bank. These small institutions, swelling with excess reserves, as a result of Treasury payments to war contractors in the outlying areas with funds drawn from metropolitan banks, are understood to be anxious to buy government securities. However, they are suffering an acute manpower shortage which prevents taking time and men to submit bids to the Treasury in the usual three-day period allowed. Some of the group are understood to favor a "tap" issue with a maturity and interest coupon especially inviting to these small banks.

Chairman Eccles reportedly told the Sunday conference that banks would be called upon to participate in increasing volume in future Treasury offerings. Banks have been taking about 53% of Treasury offerings during the past year. Estimates mentioned at the meeting call for banks furnishing as much as 66⅔% of the funds to be borrowed by the Treasury next year.

"These estimates give the banks a much bigger part in financing the war than has been the case up to this time. And from this standpoint the policy statement by the bank supervisory agencies becomes increasingly important to the banks.

"The question also arose at the meeting as to whether the Reserve System would be ready at any time in the future to lend on or buy bank holdings of government securities to meet cash needs. No commitment was made on this by the Reserve System because it would, of course, tie its hands and make it difficult to shift to a tight money policy at some future date.

"However, Point No. 3 in the joint statement declares banks would not be criticized for availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve when necessary to restore their reserve positions."

In an address on Nov. 17 in Philadelphia, to which we referred in our Nov. 26 issue, page 1889, Comptroller of the Currency Preston Delano, took occasion to speak on "the questions of the character of the credit which should be extended by the banks to the Government, and also that old bogey of capital ratio," which he said is "bound to be distorted now that we are of necessity greatly increasing deposit liabilities without a commensurate building up of capital accounts." He likewise stated that "a report has recently reached the Treasury to the effect that some bank examiners are criticising bond portfolios which include maturities longer than five years," and in part, he added:

"This criticism is reported to extend even to government securities. So far as the Comptroller's office and its examining staff are concerned, no such opinions are held. We believe strongly in the validity of all government paper, and while the Treasury, as you know, has of late been limiting its offerings of securities eligible for commercial bank investment to a 10-year maturity, national bank examiners are not critical of any government securities in banks' portfolios, whatever their maturity. I feel certain you gentlemen agree with us."

Comptroller Delano's address was delivered before the National Association of Supervisors of State Banks.

# THE FINANCIAL SITUATION

(Continued from first page)

equally under these schemes. In these circumstances is it reasonable to expect great improvement from procedures which merely place a new dictator in the field to add to the confusion and difficulties already existing as a result of too much meddling? Trouble always follows efforts to replace the natural forces at work in the business world with governmental fiats, and the more extended the program of control and restriction the greater the difficulties are likely to be.

### Manpower, Likewise

The manpower story is broadly similar. High wages were for years encouraged to the limit. Punitive rates of pay are required by law for work done after a very short work week. High costs inevitably follow. But disregarding such elements as these, price ceilings are established which leave little profit in many instances. Many enterprises have all they can do to make both ends meet without overtime payments to their employees. One result is that by and large wage earners and other lower paid employees are, except for certain war industries where the government pays the bill, working not much if any more than 40 hours a week. This fact alone reduces our effective manpower by perhaps as much as 20%. In these circumstances there are in some instances simply not enough workers. Employers begin to bid against one another for help, and at the same time delays and stoppages arising from shortages of materials encourage employees to shift from plant to plant.

What do our all-wise managers in Washington find to be the answer? First, a "wage freezing" order followed by regulations which would puzzle the traditional Philadelphia lawyer. Now comes the appointment of a manpower "Czar" with authority wholly unprecedented to take men ruthlessly, if somewhat indirectly, away from their present work and direct them to some other employer and some other type of work quite possibly at some other place in some other part of the country. Certainly drastic medicine for employer and employee alike! If it be asserted in defense of this type of dictatorship that we are at war and must do whatever is necessary to get along with defeating the enemy, it is obviously both fair and pertinent to ask what evidence there is that such an arrangement will provide a cure for the difficulties encountered. Plainly there is no virtue in meddling and upsetting the lives of thousands of men and women merely for the sake of ordering them around.

### An Impossible Administrative Task

There are some 50-odd million men and women at work in American industry, trade and agriculture. Imagine the task facing any agency undertaking to direct the employment of this vast army of workers! If it be replied that a great many of these men and women are already in war work, and do not constitute a problem, it need only be pointed out that what the Washington authorities are pleased to designate as labor pirating among war producers has been one of their most frequent complaints. It may also be said that many millions are not now in war work, and it is apparently one of the objects of recent steps to draw many of these into war work. How will the manpower Czar proceed with this task without becoming enmeshed in his own network of red tape which must be another grievous burden to many types of business which are as essential to winning the war as the making of tanks or planes, and certainly as essential to our post-war welfare?

Unless the United States employment service proves to be utterly sui generis among government agencies, an employer may just as well reconcile himself to endless delay and difficulty in obtaining needed workers, whether they be manufacturing guns or making cheese! The almost incredible productive achievements of the past year about which the nation has been rejoicing greatly and warrantably during the past few days have been the work of American industry, which knows how to get things done, not that of Government whose meddling and mismanagement has been one of the difficulties private enterprise has been obliged to overcome as best it could during the months that have passed. If we wish to be able to indulge in similar self-gratulation 12 months from now, it would be well to insist that government confine itself to an irreducible minimum of regulation and inter-meddling.

### If We Only Learn!

Doubtless we shall muddle through successfully with the management of the production problems of this war. The difficulties needlessly encountered and the failures which must strew our path will be worth what they cost if they teach the American public thoroughly that production after all is the function of private enterprise, its function not only but its specialty. Once that lesson is thoroughly learned we shall, when this war is over, be in a position to begin the long and toilsome march back to sound sense in the management of our economic affairs. Once it becomes clear to the great rank and file that the best way for government to encourage and stimulate the more abundant life is to withdraw within its own bailiwick and leave the management of business to business men, a victory whose importance is no whit less important than the defeat of Hitler will have been wrought.

# Henderson Sees Extension Of Rationing And Increased Standardization In 1943

Leon Henderson, Federal Price Administrator, said on Nov. 19 that from the standpoint of civilian wartime living in 1943, the country can look for an extension of rationing, not only as regards an increasing number of articles, and new rationing techniques, but, also, to increased simplification and standardization.

In an address before a joint meeting sponsored by the New England Council and the Boston Advertising Club, in Boston, Mr. Henderson expressed his views in part as follows:

"I have been asked what the big news of 1943 would be from the standpoint of civilian wartime living.

"First, it is safe to say that we can look for an extension of rationing in 1943. I do not mean merely an extension of our present methods to an increasing number of articles. I mean new rationing techniques. One new technique, of course, is a system of point rationing for related groups of commodities. That system, as you know, will be applied to meat rationing when it starts this winter.

"Second, increased simplification and standardization will go hand in hand with price and rationing controls in 1943. That policy was laid down clearly and distinctly by Mr. Byrnes last week. There can be no mistaking the task he has set before us.

"There are three basic reasons for standardizing and simplifying. First, these techniques allow our civilian population to get the absolute maximum amount out of a limited and allocated supply of materials and labor. Second, they reduce actual costs, and third, they aid in the determination, simplification and enforcement of wartime price and rationing controls."

Excerpts from Mr. Henderson's address follow:

"Since our interest in OPA lies in maintaining our civilian living in order to get maximum war production, we believe we should be getting the most out of the limited supplies available to us. Since we are striving to hold down the cost of living, we are interested in holding down costs of production as well, for increased costs exert pressures on our price structure. Since we are charged with administering price control and making it an effective wartime program we are interested in any device which aids in the determination, simplification and enforcement of price ceilings. . . .

"Let me say right here that in the field of administering wartime prices, OPA itself is heading in the direction of greater simplification. During the months to come, we can expect to see an increasing number of so-called 'dollars and cents' ceiling prices, setting by grade and zone top prices at the manufacturing and processing level. In many cases ceiling prices at subsequent levels will probably be based on a fixed margin over net cost for the various types and classes of retail stores.

"To make the job of simplification easier OPA is now working with industry, particularly at the retail level where the major impact of price and rationing regulations are being felt. That work will increase during the months to come. Its objective, of course, is to cut out the frills and pare off the fat from our industrial structure for the duration. All of us know that our peacetime merchandizing and service structure was magnificent. Perhaps 'lush' is the proper word. But there is no time and no man-power for frills today. Each and everyone of you must face the problem of reducing costs during the coming months.

"And despite your efforts to reduce costs, they are going to rise in many instances, despite the fact that both materials and labor have been stabilized. In the first place there will be less labor available, and, in the long run, it will be greener and less efficient. There will be increasing machinery obsolescence. In some cases even normal repairs cannot be made.

"And who will absorb these costs? Wherever it is humanly possible, they must be absorbed by industry. At the moment, industry is making sufficient profits to permit that absorption in a great many cases. In those cases, where the 'squeeze' of increased costs is so great as to hinder production of essential civilian goods, the government must do one of three things:

"It can raise ceiling prices and allow those increased costs to spiral upward throughout our industrial structure; it can simply turn its back and allow the industry to go out of business for the duration; it can assist industry—as we are now doing—to hold down costs by standardization and simplification; or it can subsidize. Experience has proved over and over again that subsidy, carefully administered and sparefully used—is the cheapest, and best way to solve the problem of increased costs under a system of rigid controls."

# NWLB Policy Outlined For Wage Increases

"Increases in wages and salaries will be approved only in exceptional cases, the National War Labor Board announced on Nov. 6 in issuing the policy under which it will administer that part of the economic stabilization program over which it has jurisdiction. The policy was adopted unanimously by the public, labor and industry members of the Board. The policy states:

"The policy directive given the National War Labor Board by Congress and by the President is clear. Under that directive, the Board will act on the presumption that wage rates prevailing on Sept. 15, 1942 are proper. The Board will grant wage increases over the level prevailing on Sept. 15, 1942 only in exceptional cases and in accordance with the following paragraph of Executive Order No. 9250 of Oct. 3, 1942:

"The National War Labor Board shall not approve any increases in the wage rates prevailing on Sept. 15, 1942, unless such increase is necessary to correct maladjustments or inequalities, to eliminate substandards of living, to correct gross inequities, or to aid in the effective prosecution of the war!"

The Board in its announcement further said:

The policy further states that the Board will "examine carefully each claim for such exceptional treatment before approving any increase." In considering specific cases the Board will be guided by the general principles outlined in the policy which briefly are as follows:

**1. Maladjustments**

"If a group of employees," the policy states, "has received increases amounting to 15% in their average straight-time rates over the level prevailing on Jan. 1, 1942, the Board will not grant further increases as a correction for maladjustments. . . .

"To correct these maladjustments, the Board will consider requests for general increases in straight-time rates up to 15% above the level prevailing on Jan. 1, 1941. This policy sets a terminal point for general wage increases. It is not applicable to individual workers or to employees in particular job classifications. It will be applied only to groups composed of all the employees in a bargaining unit, in a plant, a company, or an industry, depending upon the circumstances of each case."

The WLB Regional Directors may adjust rates to correct such maladjustments only in cases arising in industries specifically designated by the Board. This list of industries will be announced by the Board in the next few days. Proposed wage adjustments in industries not so listed must be referred to the Board in Washington for action.

**2. Inequalities and Gross Inequities**

"The wage rate inequalities," the policy states, "and the gross inequities which may require adjustment under the stabilization program are those which represent manifest injustices that arise from unusual and unreasonable differences in wage rates.

"Wage differentials which are established and stabilized are normal to American industry and will not be disturbed by the Board."

The Board itself will review all cases where increases are requested under this section. Such cases must go to the Regional Director for his approval first.

**3. Substandards of Living**

"The Board is not," the policy states, "in a position at this time to enunciate a general policy to govern the adjustment of wages to eliminate substandards of living. The Board will not undertake to measure substandards of living by any fixed wage rate.

"Such cases involving substandards of living as may arise will be considered by the Board on their individual merits until sufficient experience has accumulated to permit the statement of a more general policy."

**4. Effective Prosecution of the War**

"The National War Labor Board," the policy states, "will not approve wage increases for the purpose of influencing or directing the flow of manpower.

"When in a particular case management and labor, in cooperation with the War Manpower Commission and other Government agencies, have taken concerted action to solve a manpower need, the Board will consider a request in that case to correct whatever inequalities or gross inequities may then need correction."

This policy applies not only to wages but to the salaries over which the Board has jurisdiction. The Board has jurisdiction over all salaries under $5,000, except for those supervisory or professional employees who are not represented by labor unions.

## Wickard Given Full Control Over Nation's Food; Agriculture Department Units Reorganized

President Roosevelt on Dec. 6 authorized Secretary of Agriculture Claude R. Wickard "to assume full responsibility for and control over the nation's food program."

In an executive order, designed "to assure an adequate supply and efficient distribution of food to meet war and essential civilian needs," the President ordered Mr. Wickard to exercise complete powers over production and distribution; to determine direct and indirect military, other governmental, civilian and foreign requirements for food, both for human and animal consumption and for industrial uses; to assign food priorities and allocate supplies and also to supervise rationing.

To facilitate the effective discharge of the Secretary's responsibility under the order, the President reorganized the Department of Agriculture, consolidating the agencies primarily concerned with the production and distribution of food into a Food Production Administration, and a Food Distribution Administration.

In the Food Production Administration were grouped the Agricultural Conservation and Adjustment Administration, except its sugar agency; the Farm Credit Administration, the Farm Security Administration; and certain functions of the Division of Farm Management and Costs of the Bureau of Agricultural Economics, the Office of Agricultural War Relations, and any WPB groups concerned primarily with food production.

The Food Distribution Administration includes the Agricultural Marketing Administration, the Sugar Agency of the Agricultural Conservation and Adjustment Administration, and functions of other bureaus concerned with food distribution, notably the Bureau of Animal Industry of the Agricultural Research Administration and the Office of Agricultural War Relations.

Other details regarding the order were reported by the Associated Press as follows:

The Food Requirements Committee of the WPB, of which Mr. Wickard was Chairman, was abolished, to be replaced by a new advisory group which Mr. Wickard is to appoint. Where the old committee advised Donald M. Nelson, Chairman of the WPB, the new group will counsel Mr. Wickard. The new one, like the old, will be composed of representatives of various government departments, and its personnel probably will be the same.

As chairman of the WPB Food Requirements Committee, Mr. Wickard practically had dictated WPB policy in this field, but Mr. Nelson technically held control. The new order put Mr. Nelson and Mr. Wickard on an equal footing in case of conflict between them providing that any difference of view should be submitted to the President.

Such a conflict might arise, for example, in the case of farm machinery, if Mr. Wickard sought additional production of it and Mr. Nelson believed the steel could not be spared from the arms program.

The order provided, on this point, that Mr. Wickard "shall recommend" to Mr. Nelson "the amounts and types of non-food materials, supplies and equipment necessary for carrying out the food program." Mr. Nelson, "following consideration of these recommendations . . . shall allocate stated amounts of non-food materials. supplies and equipment to the Secretary for carrying out the food program." The Agricultural Department then would ration the machinery to farmers as at present. This provision also would apply to chemicals needed for fertilizer or insecticide, or to lumber for barns.

In giving Mr. Wickard "full responsibility for and control over the nation's food program," the President's order designated as food, not only edible commodities, but, also, "all starches, sugars, vegetable and animal fats and oils, cotton, tobacco, wool, hemp, flax fiber, and such other agricultural commodities and productions as the President may designate."

## Outlines Procedure On Wage Adjustments

The National War Labor Board announced on Nov. 6 the detailed procedure that it will follow in the cases of voluntary applications for wage adjustments by private employers. The procedure has been unanimously approved by the Board. According to the announcement the procedure provides in detail for the functions which will be performed by the 10 regional offices of the Board and by the 100-odd field offices of the Wage and Hour and Public Contracts Divisions of the Department of Labor. It is further announced that Regional Directors will have a tripartite Advisory Board composed of representatives of the public, labor and employers. This Board will advise the Regional Director on the setting up of the administrative machinery in each region. The members of this Board will be picked by the War Labor Board from among prominent citizens in the area, and will serve without compensation.

The Board states that briefly the steps which will be followed in the handling of voluntary requests for approval of wage adjustments are as follows:

1. Employers or unions or workers not represented by a union can obtain from the nearest office of the Wage and Hour Division an informal ruling if they are uncertain as to whether a proposed adjustment needs Board approval under the Executive Order and the regulations This office may issue a written ruling as an agent of the Board.

2. If the office of the Wage and Hour Division rules that the proposed wage adjustment can be made without approval of the Board it will be deemed an authoritative act of the Board unless it is later overruled by the Regional Director of the War Labor Board.

3. If the ruling is overruled by the War Labor Board Regional Director, the employer may file an application for approval of the adjustment within 10 days. The adjustment can then be continued in effect unless and until it is finally disapproved under the Board's procedures. Such disapproval is to take effect only from the date of the order of disapproval.

4. If the office of the Wage and Hour Division rules that the increase must be approved by the Board this office will aid the employer in filling out an application form and submit it to the Regional Director of the War Labor Board for action.

5. If the Regional Director approves the application his ruling shall be final subject to the Board's ultimate power of review. If he disapproves the application, the applicant may file a petition for review within 10 days, in which case it will be referred to a tripartite panel. Any approval by the panel will be final subject to the Board's ultimate power of review.

6. If the panel disapproves the application or approves a lesser increase than requested, its ruling shall be final subject to the Board's power to review on its own initiative and to the right of any member of the panel to refer the matter to the Board in Washington for review.

7. Any ruling by a WLB Regional Director, or by a panel shall be deemed to be the act of the Board unless and until it is reversed by the Board and such disapproval by the Board shall take effect only from the date of its issuance.

8. Any employer applying for approval of an increase will be required to state whether he intends to make the proposed increase the basis for an application to the Office of Price Administration for an adjustment of his maximum prices.

9. If he states that he intends to seek price relief, he must fill out a form showing the relationship between the proposed increase and his price situation and what effect such an increase would have on his business if it were granted without price relief. A copy of this form will be sent to the Office of Price Administration.

10. A copy of all rulings of Regional Directors, panels, or the Board in such cases will also be sent to the Office of Price Administration. In these cases any approval of an increase will become effective only on final approval by the Board and, when required by the provisions of Executive Order No. 9250, by the Economic Stabilization Director.

## President Praises The Russian Resistance

President Roosevelt told his press conference on Nov. 24 that he was delighted that the Russian offensive at Stalingrad was going so well.

Simultaneously, the State Department made public a message to Secretary of State Hull from Foreign Commissar Vyacheslaff M. Molotoff of Russia hailing the Allied success in North Africa as further assurance of "a full triumph over the common enemy."

The message, in reply to one from Mr. Hull extending congratulations on the 25th anniversary of the Soviet Republic, as given in Washington advices Nov. 24 to the New York "Times" follows:

"I sincerely thank you, Mr. Secretary of State, for your friendly greetings on the occasion of the 25th anniversary of the founding of the Soviet Republic. The success of the Allied arms in Africa, presaging a new destructive blow to the Italian and German usurpers, strengthens still more the assurance that the military alliance of our countries and all liberty-loving peoples will bring about a full triumph over the common enemy, Hitlerian tyranny."

Mr. Hull's message to Mr. Molotoff was noted in these columns Nov. 26, page 1892.

## New NAREB Unit Heads

The heads of the Institutes and Councils of the National Association of Real Estate Boards elected at St. Louis who will take office in January, 1943, under President-elect Cyrus Crane Willmore, of St. Louis, are:

National Association of Home Builders of the United States: President, Fritz B. Burns, Los Angeles. Institute of Real Estate Management: President, George R. Morrison, Denver. American Institute of Real Estate Appraisers: President, William MacRossie, New York and Greenwich, Conn. National Institute of Real Estate Brokers: President, Samuel T. Hall, Philadelphia. Society of Industrial Realtors: President, Bethel T. Hunt, Memphis. Secretaries Council: Chairman, Leonard Downie, Chicago. States Council: Chairman, Glenn D. Willaman, Los Angeles. Women's Council: Chairman, Carol Laux (Mrs. Vernon Laux), St. Louis.

## President Signs 18-19 Draft Bill—Congress Rejects Clause Restricting Training To Year

The legislation lowering the draft age of youths from 20 to 18 years was signed on Nov. 13 by President Roosevelt, who announced at the same time that he had ordered a study to be made to enable the young men called to service to resume their schooling and training after the war.

The President also promised to announce in the near future a plan to utilize during the war the facilities of certain colleges and universities for the training of a limited number of men for "highly specialized duties" in the armed forces.

In approving the bill, Mr. Roosevelt issued this statement:

"The time has now come when the successful prosecution of the war requires that we call to the colors the men of 18 and 19. Many have already volunteered. Others have been eagerly awaiting the call. All are ready and anxious to serve.

"The civilian careers of these men will be interrupted, as have the careers of most of their seniors. Large numbers about to enter the armed services will come from schools and colleges. The vocational and technical training which the armed services now offer to many will stand them in good stead.

"I am causing a study to be made by a committee of educators, under the auspices of the War and Navy Departments, for the taking of steps to enable the young men whose education has been interrupted to resume their schooling and afford equal opportunity for the training and education of other young men of ability after their service in the armed services has come to an end.

"Some useful action along this line was improvised at the end of the last war. This time we are planning in advance.

"Finally, we are announcing in the near future a plan providing for the utilization during the war of the facilities of certain colleges and universities for the training of a limited number of men of the armed forces for highly specialized duties. These men will be selected solely on the basis of their ability and without regard to whether or not they are now in college or whether they could otherwise afford to go to college."

Final Congressional action on the measure came on Nov. 12 when the Senate adopted a conference report, which had eliminated the controversial clause requiring a full year's training for selectees under 20 years before they could be sent into foreign combat. The House had approved the report on a voice vote on Nov. 10, after refusing by a vote of 189 to 40 to recommit the measure to committee with instructions that an "adequate" training clause be inserted.

The final bill, enacted after a deadlock of three weeks, retains most of the provisions of the Senate bill, with the exception of the one-year training requirement, which was passed on Oct. 24.

The compromise worked out by the joint Senate-House conference committee left in the legislation provisions for the deferment of persons "necessary to and regularly engaged in an agricultural occupation or endeavor essential to the war effort." The local Selective Service Board will determine an individual's status in agriculture under this provision and the deferment will last as long as he is so engaged or until a satisfactory replacement can be obtained.

As to the educational provisions, the bill states that 18 and 19-year-old students in high school or similar institutions, who are called for service during the last half of the academic year, may be deferred on their own request until the end of the school year. No such deferment, however, is provided for college students.

The measure, which amends the Selective Training and Service Act of 1940, also provides for the exemption from the draft of men who have passed their 45th birthday, unless they desire to be drafted.

A proposal, included in the House bill passed on Oct. 17, which would have required that no more married men be taken in the draft until all unmarried men were inducted and to place drafting on a State-wide rather than on a local board basis was killed by the conference group.

The year's training provision had been inserted in the Senate bill but was opposed by President Roosevelt and Gen. George C. Marshall, Army Chief of Staff, who requested that no "crippling limitations" be included in the bill; this was referred to in our issue of Oct. 29, page 1547.

## CIO Urges WLB To Broaden Policies

At its recent convention in Boston, the Congress of Industrial Organizations called upon the National War Labor Board, in view of its expanded role, to gear its industrial relations machinery to operate on an industry-wide basis instead of the case or company method. Besides industry-wide bargaining, the resolution, which the convention adopted, urged that the WLB require insertion of an arbitration clause in all collective bargaining agreements to prevent overloading of the Board's machinery with unsettled grievances. A statement of policy on wage retroactivity also was asked.

Another resolution adopted by the CIO urged President Roosevelt to use his influence to have negotiations resumed between the British government and representatives of the Indian people concerning a national government in India.

The resolution said of the Indian people "the Atlantic Charter must be made a living reality for them."

A resolution was also adopted by the CIO criticizing John L. Lewis and invited the United Mine Workers to return to the CIO. Mr. Lewis, who was founder and first President of the CIO, recently led the United Mine Workers, of which he is still President, out of the CIO.

Philip Murray was reelected to a third term as President of the CIO and James B. Carey was renamed Secretary-Treasurer. These Vice Presidents were also reelected: Joe Curran, National Maritime Union; S. H. Dalrymple, United Rubber Workers; Emil Rieve, Textile Workers; Reid Robinson, Mine, Mill and Smelter Workers; Frank Rosenblum, Amalgamated Clothing Workers; and R. J. Thomas, United Auto Workers.

The new Vice President are: Albert J. Fitzgerald, United Electrical Workers; John Green, Marine and Shipbuilding Workers; Allan S. Haywood, Utility Workers Organizing Committee.

At its convention the CIO also demanded a full share in the war of production and adopted a resolution calling for participation "in all the administrative agencies which make and execute our war policies—and at every level."

Mr. Murray made the charge that "the delay in winning the war is directly the result of the fact that labor has not been allowed a fair share of the administration of the war effort."

# President Says Negotiations With Darlan Are Only 'Temporary Expedient' In Stress Of Battle

President Roosevelt stated on Nov. 17 that the United States Army's political arrangements with Admiral Jean Darlan in French North African territory "is only a temporary expedient, justified solely by the stress of battle."

In formal statement, the President said that the political arrangements made by Lieut. Gen. Dwight D. Eisenhower, Allied Commander-in-Chief in North Africa, with Admiral Darlan has accomplished two military objectives: the saving of lives and time.

Mr. Roosevelt also disclosed that he has requested the liberation of all persons in North Africa imprisoned because of their opposition to the Nazis; the President also indicated that he had asked for the abrogation of all Nazi-inspired laws and decrees.

The President's statement follows:

"I have accepted General Eisenhower's political arrangements made for the time being in Northern and Western Africa.

"I thoroughly understand and approve the feeling in the United States and Great Britain and among all the other United Nations that, in view of the history of the past two years, no permanent arrangement should be made with Admiral Darlan. People in the United Nations likewise would never understand the recognition of a reconstituting of the Vichy Government in France or in any French territory.

"We are opposed to Frenchmen who support Hitler and the Axis. No one in our army has any authority to discuss the future Government of France and the French Empire.

"The future French Government will be established—not by any individual in metropolitan France or overseas— but by the French people themselves after they have been set free by the victory of the United Nations.

"The present temporary arrangement in North and West Africa is only a temporary expediment justified solely by the stress of battle.

"The present temporary arrangement has accomplished two military objectives. The first was to save American and British lives, on the one hand, and French lives on the other hand.

"The second was the vital factor of time. The temporary arrangement has made it possible to avoid a 'mopping-up' period in Algeria and Morocco which might have taken a month or two to consummate. Such a period would have delayed the concentration for the attack from the west on Tunis and, we hope, on Tripoli.

"Every day of delay in the current operation would have enabled the Germans and Italians to build up a strong resistance, to dig in and make a huge operation on our part essential before we could win. Here again many more lives will be saved under the present speedy offensive than if we had had to delay it for a month or more.

"It will also be noted that French troops, under the command of General Giraud, have already been in action against the enemy in Tunisia, fighting by the side of American and British soldiers for the liberation of their country.

"Admiral Darlan's proclamation assisted in making a 'mopping-up' period unnecessary. Temporary arrangements made with Admiral Darlan apply, without exception, to the current local situation only.

"I have requested the liberation of all persons in Northern Africa who had been imprisoned because they opposed the efforts of the Nazis to dominate the world and I have asked for the abrogation of all laws and decrees inspired by Nazi Governments or Nazi ideologists. Reports indicate that the French of North Africa are subordinating all political questions to the formation of a common front against the common enemy."

# Program To Guarantee Minimum Essentials

James F. Byrnes, Economic Stabilization Director, announced on Nov. 13 several steps he has taken designed to bring about "a positive program that will guarantee our people the basic living essentials that they must have at prices that they can pay."

Mr. Byrnes asked the War Production Board to outline a "vigorous program for the simplification and standardization of production and distribution"; requested the Budget Bureau to review all subsidies related to economic stabilization, and called on the Office of Civilian Supply to determine "bed-rock minimum civilian needs consistent with the fullest war production." He also revealed that the ceiling on farm wages was being lifted for the time being in order to keep much-needed farm labor on the land.

The text of Mr. Byrnes's statement was as follows:

1. I have asked the Chairman of the War Production Board to undertake a vigorous program of simplification and standardization of production and distribution not merely to eliminate frills and wasteful practices but, wherever necessary and advantageous, to concentrate on the production of relatively few types of goods of standardized quality, design and price.

Effectively carried through, such a program can combat the rising costs that threaten price ceilings, maintain at maximum the output of civilian goods that is possible and bring the prices of some essentials down.

Such a program, too, would yield considerable savings in manpower, materials, machine capacity, transportation, fuel and other acute war needs.

2. I have asked the Budget Bureau for a review of all subsidies related to economic stabilization that now are in force with a view to determining whether those subsidies can be discontinued or reduced or what alternatives are possible. As alternatives, I have in mind, particularly, the possibilities of lowering profit margins and of effecting economies and reducing costs by simplifying and standardizing production and distribution.

3. I have asked that the Office of Civilian Supply undertake a study to determine what are our bed-rock minimum civilian needs consistent with the fullest war production.

It is not, of course, our intention to try to reduce civilians to this bed-rock minimum. However, while a rough estimate at best, such a study should be of value in planning such matters as rationing, subsidies, the extent to which simplification and standardization can be pushed and manpower.

Both the determination of these minimum civilian needs and simplification and standardization of production and distribution are parts of what is intended to be a positive program that will guarantee our people the basic living essentials that they must have at prices that they can pay.

By reducing the number of varieties, styles and models, eliminating unnecessary costs, decoration, fancy packaging and the like we can clear the way for a fuller production of basic essentials.

The more far-reaching the measures taken to reduce excess spending, as in the new tax bill, the tighter our manpower situation and the more our civilian economy is contracted in favor of war production, the greater will be the need for such a positive program to guarantee our people at least their minimum essentials.

That has now become a fundamental feature of our policy of economic stabilization.

The most immediate task of the Office of Economic Stabilization was the implementing of certain provisions of the President's executive order. This can now be said to be fairly well completed.

In addition to developments which already have been announced, these actions have been taken:

A. The ceiling is being lifted from agricultural wages for the time being, until the Secretary of Agriculture can determine:

(1) The effect of farm wages on farm production in the more critical farm labor shortage areas, and

(2) Where increases in farm wages may threaten to cause an increase in the price ceilings on farm products.

This was done because agricultural wages in general are substandard, because we face a serious problem in holding, and if possible increasing, the supply of farm labor, and because most agricultural employers employ fewer than eight workers — employers with not more than that number of workers already have been exempted by the War Labor Board.

B. Machinery has been worked out for handling wage increases which may affect price ceilings.

In dispute cases it is the practice of the War Labor Board to have a fact-finding investigation by a panel which submits its recommendations. It has been agreed that in such cases the War Labor Board will notify the Office of Price Administration when the panel reports its recommendations and that OPA will be given an opportunity to make its representations before a decision is made.

In non-dispute cases, which would be chiefly where employers request the right to grant wage increases at the time of filing for such permission, the employer must state whether he believes the wage adjustment will necessitate a price increase. If it will, he must file an application for such an increase simultaneously with the Office of Price Administration. OPA can then determine whether a price increase would be required, notifying the War Labor Board.

However, in both dispute and non-dispute cases where a possible price rise becomes involved, the decision of the War Labor Board must be approved by the Office of Economic Stabilization.

## Newsprint Product'n Down

North American newsprint production in October amounted to 377,594 tons, a decline of 13.4% from a year ago, when the output was 435,987 tons, according to the News Print Service Bureau.

The Canadian newsprint industry, operating at 70.6% of capacity, produced 271,555 tons, a decline of 14.8% from a year ago, while shipments amounted to 295,625 tons.

United States' production totaled 84,217 tons and shipments, 85,458 tons, while Newfoundland's output was 21,822 tons and shipments, 26,561, the figures for both countries being below last year.

For the first ten months of 1942, newsprint production for the three countries amounted to 3,722,154 tons, compared with 3,967,929 tons a year ago, a decline of 6.2%, while shipments of 3,745,102 tons was 5.2% below last year's total of 3,948,494 tons.

# Treasury Issues Rules For Controlling Salaries Over $5,000 With $67,200 Limit

The Bureau of Internal Revenue of the Treasury Department issued on Dec. 2 regulations under which its new Salary Stabilization Unit will operate. The Unit, set up in conformity wtih the regulations issued Oct. 27 by James F. Byrnes, Director of Economic Stabilization, will administer the provisions of the order relating to the stabilization and limitation of certain salaries. These are all salaries over $5,000 per annum and all salaries of $5,000 or less paid to employes (1) who are in executive, administrative or professional capacities, (2) who are not represented by recognized labor organizations and (3) who are not agricultural workers.

The regulations provide for restricting 1943 salaries to a "basic allowance" of $67,200, which, after reduction by the Federal income taxes, would yield a net not in excess of $25,000.

In reporting the regulations, the Washington "Post" of Dec. 3 said:

Dealing with the higher salaries, the regulations say that no salary may be paid which after deduction of Federal income taxes would exceed $25,000. But for the purpose of the regulations, the phrase, "income taxes," is defined in such a way that the "basic salary" allowable is $67,200.

In addition, higher salaries may be paid under certain circumstances. Allowances over and above the $67,200 will be permitted to enable the employe to "maintain his customary contributions to charitable, educational or other organizations." However, the employe must establish "to the satisfaction" of the Government that he cannot maintain these contributions from his other income, without "undue hardship."

Similarly allowances may be made for insurance premiums provided the employe cannot pay them from other income "without disposing of assets at a substantial financial loss resulting in undue hardship." The same kind of allowances are permissible for some fixed obligations.

Also, if the employe cannot meet his income taxes due on past income without sacrificing assets and suffering undue hardship, he may be allowed sufficient additional salary to take care of the taxes. Thus, it was apparent that in many cases the gross salary allowed would be far above $67,200.

Concerning other salaries, raises and decreases will be possible, but most of them must first be approved by the Bureau of Internal Revenue.

The regulations made clear that bonuses, gifts, loans, commissions, fees, additional compensation and any other remuneration in any form would be considered as falling within the concept of salary or salary payment.

However, the Bureau left a loophole for payment of customary Christmas bonuses provided they do not exceed those paid last year.

The regulations stated that the burden of justifying an increase in salary rate "shall in every instance be upon the employer."

"Increases in salary rates will not be approved," the regulations continued, "unless necessary to correct maladjustments or inequalities or to aid in the effective prosecution of the war."

A promise made by an employer to his employes prior to Oct. 3, 1942, that salaries would be increased in the future, the regulations added, "is generally to be ignored in determining whether an increase after that date should be approved."

An increase in salaries below $5,000 may be approved, however, "if to deny such increase would be to force the continuation of a salary which is below the general level existing for the same or comparable work in the local area on Sept. 15, 1942."

In cases of salaries of less than $5,000 existing on Oct. 3 or established in accordance with the regulations, the general rule is that no decrease can be made by the employer below the highest salary rate paid for such work in the local area between Jan. 1 and Sept. 15.

"A decrease is permitted, however," the regulations stated, "with the approval of the commissioner in order to correct a gross inequity in any case or to aid in the effective prosecution of the war."

The text of the Stabilization Director's regulations on wages and salaries appeared in our issue of Nov. 12, page 1713. The National War Labor Board has jurisdiction over salaries not in excess of $5,000.

# MBA Advisory Service For Armed Forces

Because the Association believes that there has been a fairly widespread misinterpretation by men in the armed forces of the exact provisions of the Soldiers' and Sailors' Civil Relief Act and that they may further misinterpret the new liberalized amended law signed by President Roosevelt on Oct. 6, the Mortgage Bankers Association of America will set up a free nation-wide advisory and counselling service for their benefit, Charles A. Mullenix, President, announced on Nov. 8. The Association points out that "everything that can be done to protect the man in the service with a mortgage loan outstanding has been done in the new Act and mortgage bankers are in agreement with the principles embodied in it." It is noted, however, that "it is a serious mistake for the men to believe that they can forget their loans entirely for the duration. Actually that is the worst thing they can do because it means that they will return to civilian life faced with large obligations. This country does not want the men who are risking their lives to return faced with heavy debts. It is to avoid any such post-war development that the Association is acting now to help prevent it." Mr. Mullenix explained that his plan calls for all MBA members to act as advisors to men now in the armed forces and those likely to be called. Members will be fully instructed on all provisions of the legislation and will be prepared to work out individual plans to assist men in keeping up their loans.

Observing that "many men entering the service have apparently been told that they can forget their mortgages entirely for the duration without also being told that obligations not met now will be obligations after the war," Mr. Mullenix says that "for that reason it is in the best interest of the borrower to keep up his payments to the best of his ability. Many men have sources of income that will continue while they are in the service and it is to their advantage to have it applied on their loans while they are away. In other cases their houses will be rented or partially rented, making possible full or part payments. In any event, it is distinctly to the advantage of the borrower to keep up his loan as best he can regardless of the relief afforded him through the Act," he said.

The amended bill, signed on Oct. 6, was referred in these columns Oct. 29, page 1552.

# Roosevelt Gives McNutt Full Control Over Manpower—Voluntary Enlistments Ended

(Continued from first page)

tion of the national manpower and to eliminate so far as possible waste of manpower due to disruptive recruitment and undue migration of workers, and by virtue of the authority vested in me by the Constitution and statutes, including the first War Powers Act, 1941, and the Selective Training and Service Act of 1940, as amended, as President of the United States and as Commander in Chief of the Army and the Navy, it is hereby ordered as follows:

"1. The War Manpower Commission (established by Section 1 of Executive Order No. 9139, dated April 18, 1942) shall consist of a chairman appointed by the President and one representative, designated subject to the approval of the chairman, of each of the following departments and agencies: The Department of War, the Department of the Navy, the Department of Agriculture, the Department of Labor, The Federal Security Agency, the War Production Board, the United States Civil Service Commission, the National Housing Agency, and such other executive departments and agencies as the President shall determine; and a joint representative of the War Shipping Administration and the Office of Defense Transportation, designated by the chairman of the War Manpower Commission (hereinafter referred to as the chairman).

"2. (a) The Selective Service System created and established for the purpose of carrying out the provisions of the Selective Training and Service Act of 1940, as amended, and all of its functions, powers, duties, personnel (including the Director of Selective Service), records, property and funds (including all unexpended balances of appropriations, allocations or other funds available for the administration of said act, as amended) are transferred to the War Manpower Commission in the Office for Emergency Management of the Executive Office of the President, and shall be administered under the supervision and direction of the chairman. The local boards and appeal boards of the Selective Service System shall, subject to the supervision and direction of the chairman, continue to exercise the functions, powers and duties vested in them by the Selective Training and Service Act of 1940, as amended.

"(b) The functions, powers and duties of the Director of Selective Service, including authority delegated to him by the President under the provisions of the Selective Training and Service Act of 1940, as amended, are transferred to the chairman and may be exercised through the Director of Selective Service and such other officers, agents and persons and in such manner as the chairman may determine.

"(c) The Chief of Finance, United States Army, shall act as the fiscal, distributing and accounting agent of the chairman in carrying out the provisions of the Selective Training and Service Act of 1940, as amended.

"3. The Secretary of War and the Secretary of the Navy shall, after consultation with the chairman, determine the number of men required to be selected each month in order to fulfill the total respective requirements of the Army and Navy as approved by the President. The chairman shall furnish the required number of men through the Selective Service System.

"4. After the effective date of this order no male person who has attained the 18th anniversary and has not attained the 38th anniversary of the day of his birth shall be inducted into the enlisted personnel of the armed forces (including Reserve components), except, under provisions of the Selective Training and Service Act of 1940, as amended; but any such person who has, on or before the effective date of this order, submitted a bona fide application for voluntary enlistment may be enlisted within ten days after said date.

"5. In so far as the effective prosecution of the war requires it, the chairman shall take all lawful and appropriate steps to assure that (a) all hiring, rehiring, solicitation and recruitment of workers in or for work, in any establishment, plant, facility, occupation or area designated by the chairman as subject to the provisions of this section shall be conducted solely through the United States Employment Service or in accordance with such arrangements as the chairman may approve; and (b) no employer shall retain in his employ any worker whose services are more urgently needed in any establishment, plant, facility, occupation or area designated as more essential by the chairman pursuant to this section.

"6. The Secretary of War and the Secretary of the Navy shall take such steps as may be necessary to assure that all training programs for the armed forces (including their Reserve components) and the Women's Army Auxiliary Corps, which are carried on in non-Federal educational institutions, conform with such policies or regulations as the chairman, after consultation with the Secretary of War and the Secretary of the Navy, prescribes as necessary to insure the efficient utilization of the nation's educational facilities and personnel for the effective prosecution of the war.

"7. The chairman shall (a) issue such policies, rules, regulations, and general or special orders as he deems necessary to carry out the provisions of this order, (b) take steps to prevent and relieve gross inequities or undue hardships arising from the exercise of the provisions of Section 5 of this order in so far as he finds so doing will not interfere with the effective prosecution of the war, and (c) establish such procedures (including appeals) as are necessary to assure a hearing to any person claiming that any action taken by any local or regional agent or agency of the War Manpower Commission pursuant to Section 5 of this order and said Executive Order No. 9139 is unfair or unreasonable as applied to him.

"8. (A) The chairman may perform the functions and duties and exercise the powers, authority and discretion conferred upon him by this order or any other order of the President through such officers, agents and persons and in such manner as he shall determine.

"(B) The chairman may avail himself of the services and facilities of such executive departments and agencies as he determines may be of assistance in carrying out the provisions of this order. He may accept the services and facilities of State and local agencies.

"9. Subject to appeal to the President or to such agent or agency as the President may designate, each executive department and agency shall so utilize its facilities, services and personnel and take such action, under authority vested in it by law, as the chairman, after consultation with such department or agency, determines necessary to promote compliance with the provisions of this order or of policies, directives or regulations prescribed under said Executive Order No. 9139.

"10. The chairman shall appoint a management-labor policy committee to be selected from the fields of labor, agriculture and industrial management and shall consult with the members thereof in carrying out his responsibilities. The chairman may appoint such other advisory committees composed of representatives of governmental or private groups or both as he deems appropriate.

"11. The chairman shall be ex officio an additional member of the Economic Stabilization Board established by Executive Order No. 9250, dated Oct. 3, 1942.

"12. All prior executive orders, insofar as they are in conflict herewith, are amended accordingly. All prior regulations, ruling and other directives relating to the Selective Service System shall remain in effect, except insofar as they are in conflict with this order or are hereafter amended by regulations, rulings or other directives issued by or under the direction of the chairman.

"13. This order shall take effect immediately and shall continue in force and effect until the termination of Title I of the First War Powers Act, 1941.

"FRANKLIN D. ROOSEVELT,

"The White House.

"Dec. 5, 1942."

# Interchange of Ideas Aids Conduct of War

President Roosevelt, in a message to the New England War Conference, said on Nov. 19 that "free exchange of ideas through regional discussion" throughout the nation could aid in the conduct of the war and preparation for a better post-war world.

The War Conference took the place of the annual meeting of the New England Council. The text of the President's message follows:

"It is with real pleasure that I send my greetings to the first New England war conference.

"New England's war record has been magnificent. Your community was among the first to understand the full implications for America of the tragic events of 1940. The citizens of New England knew then that we must prepare ourselves swiftly and thoroughly against the day when our own country might have to withstand aggression.

"They were quick to convert their factories to the production of weapons of war and quick to organize civilian defense measures which became a model for the nation. Each New England State undertook to develop these productive and defensive capacities to the fullest extent. The result should be a source of pride to the whole region.

"It has not been achieved without change and sacrifice. Wartime living has inevitably raised new issues affecting every area of life in the community. In an attempt to define those problems and develop solutions for them New England has again taken the initiative. It has chosen to discuss these matters in open, democratic forum to which all elements of the wartime community—government, armed services, private enterprise, and the people—can contribute.

"The free exchange of ideas through regional discussion can be of first value to the conduct of our war. It can also pave the way for that community co-operation which must lie at the foundation for the better world we are resolved to create out of this war. I should like to see this war conference so successful that New England again will have offered a model to the nation.

"Please extend my warmest greetings to the six New England Governors with whom it was my privilege recently to discuss important aspects of the war effort and whose wise counsels will, I am confident, make a constructive contribution to the first New England war conference."

# Urges Support For Proposed Bill To Set Up National Tax Integration Commission

Urging real estate owners and taxpayers to win the support of their Mayors, Governors, and Congressmen for House Joint Resolution 326, now before Congress, Lawrence G. Holmes, Secretary of the National Council of Real Estate Taxpayers, outlined the conflicts and competition in taxation between the three levels of government as indicative of the necessity for a change, before the annual meeting of the National Council at St. Louis on Nov. 16. The current proposal, H J. R. 326, Mr. Holmes pointed out, would establish a national commission to study the problem of tax integration and chart a course which can be presented to the legislative bodies of States, cities, and the Federal Government. It was proposed by Representative John M. Coffee of Washington, and is one of several such measures which have been urged to Congress. At present the bill is in the House Rules Committee and has not been scheduled for action. Mr. Holmes presented four examples of the conflict between State and Federal Governments in taxation. He said:

"Some 30 years ago the State of Wisconsin enacted the first income tax. It proved to be so 'profitable' that it was taken up by the Federal Government and subsequently by 33 other States in some form. Thus we have the Federal Government and 34 States competing for the net income dollar.

"Second, in 1924 the State of North Carolina enacted a retail sales tax. This tax proved so profitable that 25 other States have enacted some form of a sales tax and the Federal Government has stepped into this same field with such various excise taxes as the gasoline tax. The Federal Government is currently discussing seriously a general Federal retail sales tax. Thus we have the picture of the Federal Government and 26 States competing for the retail sales tax revenues with imminent possibility of further extension.

"Third, throughout the United States history real property has been subject to the ad valorem tax. Originally it was the most equitable tax because originally we were entirely an agrarian and land-owning people. It still remains as the principal support of the local Government and the major support of State Government. Here again the Federal Government has looked with envy on this field and has made some sorties into it—for instance, the Federal inheritance tax which is actually an ad valorem tax on that part of an estate which consists of real property; the Federal stamp tax on real estate transfers is a Federal ad valorem tax on real property. Here then we have all three levels of Government competing for revenues from the property tax.

"Fourth, we have established or allowed to be established 175,000 taxing authorities. We have in this country 3,000 counties, 48 States, about 2,000 cities, yet we have found it necessary to delegate to 175,000 different groups the power to levy taxes on us—patently an inefficient, uneconomical and illogical setup."

H. J. R. 326, Mr. Holmes concluded, has the support of the National Council of Real Estate Taxpayers and various State and local constituent groups such as Savings and Loan Associations, Real Estate Boards, etc., and he urged all interested groups actively to seek to break down the Congressional inertia which continues to prevent the proposal from coming up for consideration and action.

# Treasury Ruling Extends Time On Statements Of Victory Tax Deductions In Job Terminations

Secretary of the Treasury Morgenthau announced on Nov. 30 a ruling by the Bureau of Internal Revenue, granting employers an extension of the time in which they must furnish employees, whose services have been terminated, with a statement of the amount of Victory Tax withheld from wages.

The ruling, which was made in response to hundreds of inquiries from employers, applies in cases where the employment is terminated before the close of the calendar year.

The text of the ruling, based on Section 469 of the Internal Revenue Code, as added by the Revenue Act of 1942, is as follows:

"An extension of time, not exceeding 30 days, within which to furnish the statement required by section 469(a), is granted any employer with respect to any employee whose employment is terminated during the calendar year. In the case of intermittent or interrupted employment, where there is reasonable expectation on the part of both employer and employee of further employment, there is no requirement that a statement be immediately furnished the employee; but when such expectation ceases to exist, the statement must be furnished within thirty days from that time."

The Treasury Department's advices state:

"The section referred to requires that, in cases where the employment is terminated before the close of the calendar year, the statement of Victory Tax withheld be furnished the employee with the last payment of his wages, but an extension of time not exceeding 30 days may be granted under appropriate regulations. As the statements must contain pay roll and other data for the period of employment, it is frequently difficult to prepare such statements in time to furnish them with the last wage payment. This is especially true where employment is seasonal, as well as in large establishments where pay roll records are maintained elsewhere than at the place of employment. The ruling is designed to alleviate the burden imposed upon employers, by granting a general extension of time in accordance with the authority conferred in the Act.

"It was further pointed out that in intermittent employment—as in seasonal occupations—it is not necessary to furnish the statement with each cessation or interruption of work, if no termination of employment has occurred. Termination of employment is a fact governed by the intentions of the parties, and for the purpose of compliance with section 469, in cases where work is intermittent, if there is reasonable expectation on the part of both the employer and the employee of further employment, the statement may be furnished at the time of actual termination, or within 30 days thereafter. If, however, such expectation does not exist on the part of either party, then employment has terminated and a statement must be furnished within 30 days from the last wage payment.

# Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

| 1942— Daily Averages | U. S. Govt. Bonds | Avge. Corporate* | Corporate by Ratings* | | | | Corporate by Groups* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Aaa | Aa | A | Baa | R. R. | P. U. | Indus. |
| Dec 8 | 116.78 | 107.09 | 116.80 | 113.70 | 108.88 | 91.77 | 96.54 | 111.81 | 114.27 |
| 7 | 116.78 | 107.27 | 116.80 | 113.89 | 108.88 | 91.77 | 96.54 | 111.81 | 114.27 |
| 5 | 116.78 | 107.27 | 116.80 | 113.89 | 108.88 | 91.91 | 96.69 | 111.81 | 114.27 |
| 4 | 116.78 | 107.27 | 116.80 | 113.70 | 108.88 | 92.06 | 96.69 | 111.81 | 114.27 |
| 3 | 116.78 | 107.27 | 116.80 | 113.89 | 108.88 | 91.77 | 96.69 | 111.81 | 114.27 |
| 2 | 116.78 | 107.27 | 116.80 | 113.89 | 108.88 | 91.77 | 96.54 | 111.81 | 114.27 |
| 1 | 116.78 | 107.27 | 116.80 | 113.89 | 108.88 | 91.77 | 96.54 | 111.81 | 114.27 |
| Nov 27 | 116.85 | 107.27 | 117.00 | 113.89 | 108.88 | 91.91 | 96.54 | 112.00 | 114.66 |
| 20 | 117.30 | 107.44 | 117.00 | 114.27 | 108.70 | 92.50 | 97.00 | 112.00 | 114.66 |
| 13 | 117.36 | 107.62 | 117.20 | 114.27 | 108.70 | 92.50 | 97.16 | 112.19 | 114.46 |
| 6 | 117.36 | 107.62 | 117.20 | 114.27 | 108.70 | 92.64 | 97.47 | 112.00 | 114.46 |
| Oct 30 | 117.38 | 107.44 | 117.00 | 114.08 | 108.70 | 92.50 | 97.31 | 112.00 | 114.27 |
| 23 | 117.38 | 107.44 | 117.00 | 114.08 | 108.70 | 92.50 | 97.31 | 111.81 | 114.27 |
| 16 | 117.37 | 107.44 | 117.00 | 114.08 | 108.70 | 92.50 | 97.31 | 111.81 | 114.46 |
| 9 | 117.38 | 107.44 | 117.20 | 114.08 | 108.70 | 92.50 | 97.31 | 111.81 | 114.46 |
| 2 | 117.39 | 107.27 | 117.00 | 113.89 | 108.52 | 92.35 | 97.16 | 111.81 | 114.27 |
| Sep 25 | 117.51 | 107.27 | 117.00 | 113.89 | 108.70 | 92.06 | 97.00 | 111.62 | 114.08 |
| 18 | 117.62 | 107.27 | 117.00 | 113.70 | 108.52 | 92.06 | 96.85 | 111.81 | 114.08 |
| 11 | 117.75 | 107.09 | 116.80 | 113.50 | 108.34 | 92.06 | 96.69 | 111.81 | 113.89 |
| 4 | 117.80 | 107.09 | 117.00 | 113.31 | 108.34 | 92.06 | 96.54 | 111.62 | 114.08 |
| Aug. 28 | 117.85 | 106.92 | 116.80 | 113.31 | 108.16 | 92.06 | 96.54 | 111.62 | 114.08 |
| 21 | 117.93 | 106.92 | 116.80 | 113.31 | 108.16 | 92.06 | 96.38 | 111.44 | 114.08 |
| 14 | 117.92 | 106.92 | 116.80 | 113.31 | 108.16 | 91.91 | 96.23 | 111.44 | 114.08 |
| 7 | 117.97 | 106.92 | 116.61 | 113.12 | 108.16 | 91.91 | 96.23 | 111.44 | 114.27 |
| July 31 | 118.11 | 106.92 | 116.41 | 113.50 | 108.16 | 91.77 | 96.07 | 111.44 | 114.27 |
| June 26 | 118.14 | 106.39 | 116.22 | 112.93 | 107.80 | 91.05 | 95.47 | 110.88 | 113.89 |
| May 29 | 118.35 | 106.39 | 116.02 | 112.93 | 107.44 | 91.77 | 96.07 | 110.70 | 113.70 |
| Apr. 24 | 117.80 | 106.74 | 116.22 | 113.12 | 107.62 | 92.06 | 96.69 | 110.70 | 113.70 |
| Mar. 27 | 118.20 | 106.74 | 116.22 | 113.50 | 107.62 | 91.91 | 97.00 | 110.34 | 113.50 |
| Feb. 27 | 116.34 | 106.39 | 115.63 | 113.31 | 107.62 | 91.62 | 96.85 | 110.15 | 113.31 |
| Jan. 30 | 117.08 | 106.92 | 116.22 | 113.70 | 107 80 | 92.06 | 97.31 | 110.52 | 113.70 |
| High 1942 | 118.41 | 107.62 | 117.20 | 114.27 | 108.88 | 92.64 | 97.47 | 112.19 | 114.66 |
| Low 1942 | 115.90 | 106.04 | 115.43 | 112.75 | 107.09 | 90.63 | 95.32 | 109.60 | 112.75 |
| High 1941 | 120.05 | 108.52 | 118.60 | 116.02 | 109.60 | 92.50 | 97.78 | 112.56 | 116.41 |
| Low 1941 | 115.89 | 105.52 | 116.22 | 112.00 | 106.04 | 89.23 | 95.62 | 109.42 | 111.62 |
| 1 Year ago | | | | | | | | | |
| Dec. 8, 1941 | 118.69 | 107.27 | 117.60 | 114.66 | 109.06 | 90.91 | 96.69 | 111.81 | 114.66 |
| 2 Years ago | | | | | | | | | |
| Dec. 7, 1940 | 119.08 | 106.56 | 118.80 | 114.85 | 106.56 | 89.37 | 95.62 | 110.88 | 114.46 |

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

| 1942— Daily Averages | U. S. Govt. Bonds | Avge. Corporate | Corporate by Ratings | | | | Corporate by Groups | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Aaa | Aa | A | Baa | R. R. | P. U. | Indus. |
| Dec 8 | 2.09 | 3.33 | 2.81 | 2.97 | 3.23 | 4.29 | 3.97 | 3.07 | 2.94 |
| 7 | 2.09 | 3.32 | 2.81 | 2.96 | 3.23 | 4.29 | 3.97 | 3.07 | 2.94 |
| 5 | 2.09 | 3.32 | 2.81 | 2.96 | 3.23 | 4.28 | 3.96 | 3.07 | 2.94 |
| 4 | 2.09 | 3.32 | 2.81 | 2.97 | 3.23 | 4.27 | 3.96 | 3.07 | 2.94 |
| 3 | 2.09 | 3.32 | 2.81 | 2.96 | 3.23 | 4.29 | 3.96 | 3.07 | 2.94 |
| 2 | 2.09 | 3.32 | 2.81 | 2.96 | 3.23 | 4.29 | 3.97 | 3.07 | 2.94 |
| 1 | 2.09 | 3.32 | 2.81 | 2.96 | 3.23 | 4.29 | 3.97 | 3.07 | 2.94 |
| Nov 27 | 2.09 | 3.32 | 2.80 | 2.96 | 3.23 | 4.28 | 3.97 | 3.06 | 2.92 |
| 20 | 2.06 | 3.31 | 2.80 | 2.94 | 3.24 | 4.24 | 3.94 | 3.06 | 2.92 |
| 13 | 2.05 | 3.30 | 2.79 | 2.94 | 3.24 | 4.24 | 3.93 | 3.05 | 2.93 |
| 6 | 2.05 | 3.30 | 2.79 | 2.94 | 3.24 | 4.23 | 3.91 | 3.06 | 2.93 |
| Oct 30 | 2.05 | 3.31 | 2.80 | 2.95 | 3.24 | 4.24 | 3.92 | 3.06 | 2.94 |
| 23 | 2.05 | 3.31 | 2.80 | 2.95 | 3.24 | 4.24 | 3.92 | 3.07 | 2.94 |
| 16 | 2.05 | 3.31 | 2.80 | 2.95 | 3.24 | 4.24 | 3.92 | 3.07 | 2.93 |
| 9 | 2.05 | 3.31 | 2.79 | 2.95 | 3.24 | 4.24 | 3.92 | 3.07 | 2.93 |
| 2 | 2.05 | 3.32 | 2.80 | 2.96 | 3.25 | 4.25 | 3.93 | 3.07 | 2.94 |
| Sep 25 | 2.04 | 3.32 | 2.80 | 2.96 | 3.24 | 4.27 | 3.94 | 3.08 | 2.95 |
| 18 | 2.03 | 3.32 | 2.80 | 2.97 | 3.25 | 4.27 | 3.95 | 3.07 | 2.95 |
| 11 | 2.03 | 3.33 | 2.81 | 2.98 | 3.26 | 4.27 | 3.96 | 3.07 | 2.96 |
| 4 | 2.03 | 3.33 | 2.80 | 2.99 | 3.26 | 4.27 | 3.97 | 3.08 | 2.95 |
| Aug 28 | 2.03 | 3.34 | 2.81 | 2.99 | 3.27 | 4.27 | 3.97 | 3.08 | 2.95 |
| 21 | 2.02 | 3.34 | 2.81 | 2.99 | 3.27 | 4.27 | 3.98 | 3.09 | 2.95 |
| 14 | 2.02 | 3.34 | 2.81 | 2.99 | 3.27 | 4.28 | 3.99 | 3.09 | 2.95 |
| 7 | 2.02 | 3.34 | 2.82 | 3.00 | 3.27 | 4.28 | 3.99 | 3.09 | 2.94 |
| July 31 | 2.01 | 3.34 | 2.83 | 2.98 | 3.27 | 4.29 | 4.00 | 3.09 | 2.94 |
| June 26 | 1.96 | 3.37 | 2.84 | 3.01 | 3.29 | 4.34 | 4.04 | 3.12 | 2.96 |
| May 29 | 1.95 | 3.37 | 2.85 | 3.01 | 3.31 | 4.29 | 4.00 | 3.13 | 2.97 |
| Apr. 24 | 1.99 | 3.35 | 2.84 | 3.00 | 3.30 | 4.27 | 3.96 | 3.13 | 2.97 |
| Mar 27 | 1.96 | 3.35 | 2.84 | 2.98 | 3.30 | 4.28 | 3.94 | 3.15 | 2.98 |
| Feb 27 | 2.11 | 3.37 | 2.87 | 2.99 | 3.30 | 4.30 | 3.95 | 3.16 | 2.99 |
| Jan. 30 | 2.05 | 3.34 | 2.84 | 2.97 | 3.29 | 4.27 | 3.92 | 3.14 | 2.97 |
| High 1942 | 2.14 | 3.39 | 2.88 | 3.02 | 3.33 | 4.37 | 4.05 | 3.19 | 3.02 |
| Low 1942 | 1.93 | 3.30 | 2.79 | 2.94 | 3.23 | 4.23 | 3.91 | 3.05 | 2.92 |
| High 1941 | 2.13 | 3.42 | 2.86 | 3.06 | 3.39 | 4.47 | 4.03 | 3.20 | 3.08 |
| Low 1941 | 1.84 | 3.25 | 2.72 | 2.85 | 3.19 | 4.24 | 3.89 | 3.03 | 2.83 |
| 1 Year ago | | | | | | | | | |
| Dec. 8, 1941 | 1.94 | 3.32 | 2.77 | 2.92 | 3.22 | 4.35 | 3.96 | 3.07 | 2.92 |
| 2 Years ago | | | | | | | | | |
| Dec. 7, 1940 | 1.92 | 3.36 | 2.71 | 2.91 | 3.36 | 4.46 | 4.03 | 3.12 | 2.93 |

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

# Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

| Month— | Industrials (125) | Railroads (25) | Utilities (25) | Banks (15) | Insurance (10) | Average Yield (200) |
|---|---|---|---|---|---|---|
| January, 1942 | 7.4% | 7.2% | 7.6% | 5.3% | 4.5% | 7.2% |
| February, 1942 | 7.2 | 7.4 | 7.7 | 5.6 | 4.6 | 7.1 |
| March, 1942 | 7.7 | 8.2 | 8.5 | 6.0 | 5.0 | 7.7 |
| April, 1942 | 7.7 | 8.3 | 8.9 | 6.1 | 5.3 | 7.8 |
| May, 1942 | 6.7 | 7.8 | 8.2 | 5.7 | 4.9 | 6.9 |
| June, 1942 | 6.4 | 7.8 | 8.4 | 5.6 | 4.8 | 6.6 |
| July, 1942 | 6.1 | 7.7 | 8.2 | 5.5 | 4.7 | 6.4 |
| August, 1942 | 6.0 | 7.5 | 8.0 | 5.1 | 4.7 | 6.3 |
| September, 1942 | 5.8 | 7.3 | 7.9 | 4.9 | 4.5 | 6.1 |
| October, 1942 | 5.5 | 7.0 | 7.2 | 5.0 | 4.4 | 5.8 |
| November, 1942 | 5.5 | 8.0 | 7.1 | 5.2 | 4.5 | 5.9 |

# Electric Output For Week Ended Dec. 5, 1942 Shows 13.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 5, 1942, was 3,883,534,000 kwh., which compares with 3,414,844,000 kwh. in the corresponding week last year, an increase of 13.7%. The output for the week ended Nov. 28, 1942, was 12.8% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

| Major Geographical Divisions— | Week Ended— Dec. 5 | Nov. 28 | Nov. 21 | Nov. 14 |
|---|---|---|---|---|
| New England | 0.4 | 0.8 | 10.6 | 6.0 |
| Middle Atlantic | 7.4 | 5.6 | 9.8 | 6.4 |
| Central Industrial | 8.5 | 7.5 | 14.2 | 7.7 |
| West Central | 12.1 | 13.9 | 12.9 | 11.5 |
| Southern States | 28.7 | 29.0 | 25.8 | 22.6 |
| Rocky Mountain | 9.7 | 9.9 | 11.8 | 11.4 |
| Pacific Coast | 24.0 | 20.0 | 27.8 | 26.0 |
| Total United States | 13.7 | 12.8 | 16.9 | 12.8 |

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

| Week Ended— | 1942 | 1941 | % Change 1942 over 1941 | 1940 | 1932 | 1929 |
|---|---|---|---|---|---|---|
| Sep 5 | 3,672,921 | 3,132,954 | +12.4 | 2.591,957 | 1,423,977 | 1,674,588 |
| Sep 12 | 3,583,408 | 3,222,346 | | 2,773,177 | 1,476,442 | 1,806,259 |
| Sep 19 | 3,756,922 | 3,273,375 | +14.8 | 2,769,346 | 1,490,863 | 1,792,131 |
| Sep 26 | 3,720,254 | 3,273,376 | +13.7 | 2,816,358 | 1,499,459 | 1,777,854 |
| Oct 3 | 3,682,794 | 3,330,582 | +10.6 | 2,792,067 | 1,506,219 | 1,819,276 |
| Oct 10 | 3,702,299 | 3,355,440 | +10.3 | 2,817,465 | 1,507,503 | 1,806,403 |
| Oct 17 | 3,717,360 | 3,313,596 | +12.2 | 2,837,730 | 1,528,145 | 1,798,633 |
| Oct 24 | 3,752,571 | 3,340,768 | +12.3 | 2,866,827 | 1,533,028 | 1,824,160 |
| Oct 31 | 3,774,891 | 3,380,488 | +11.7 | 2,882,137 | 1,525,410 | 1,815,749 |
| Nov 7 | 3,761,961 | 3,368,690 | +11.7 | 2,858,054 | 1,520,730 | 1,798,164 |
| Nov 14 | 3,775,878 | 3,347,893 | +12.8 | 2,889,937 | 1,531,584 | 1,793,584 |
| Nov 21 | 3,795,361 | 3,247,938 | +16.9 | 2,839,421 | 1,475,268 | 1,818,169 |
| Nov 28 | 3,766,381 | 3,339,364 | +12.8 | 2,931,877 | 1,510,337 | 1,718,002 |
| Dec 5 | 3,883,534 | 3,414,844 | +13.7 | 2,975,704 | 1,518,922 | 1,806,225 |
| Dec 12 | ------ | 3,475,919 | | 3,003,543 | 1,563,384 | 1,840,863 |
| Dec 19 | ------ | 3,495,140 | | 3,052,419 | 1,554,473 | 1,860,021 |
| Dec 26 | ------ | 3,234,128 | | 2,757,259 | 1,414,710 | 1,637,683 |

# Steel Operations Increased—Mill Backlogs 15 to 20% Less Than On Oct 1—Output Rising

"Embarking this week on a second year of all-out war production. the metals and metal-working industries are moving with more assurance than at any time since the war transformation began," states "The Iron Age" in its issue of today (Dec. 10), further going on to say: "Statistics issued this week showing unprecedented United States production in 1942 have lent confidence toward the accomplishment of new goals. Furthermore, much of the confusion which existed a few months ago has been dispelled. The war machine seems better integrated and better directed.

"Machine tool output in 1942 will be 1300% above the 1929-1938 yearly average. Steel ingot production of around 86,000,000 net tons in 1942, including a sharp rise in electric furnace output, is another impressive feature of the nation's tremendous production record. New capacity is being added steadily. The industry will start the new year comfortably supplied with iron ore and with the prospect of scrap stockpiles well above the 4,400,000 tons on hand last Jan. 1. Shipments of steel in 1942 are believed to include all-time record exports.

"Contrary to some reports, mill backlogs have not been reduced as much as generally supposed. Backlogs on Dec. 1 were about 15 to 20% less than at the start of October. Practically all this reduction was due to WPB's effort to strike a balance between supply and demand by drastic curtailment in PRP and further limitations on the use of steel. Meanwhile, steel orders so far in December have been equal to or in excess of actual production.

"Steel backlogs will be whittled down slowly between now and July 1, 1943, when the new Controlled Materials Plan becomes effective, but so far the so-called suspension of orders for various ordnance and other projects has not effected to any great extent present steel backlogs. Rapid recoveries have been made from the temporary unbalances in raw steel inventories.

"Tin plate production will be stepped up substantially in 1943 over preliminary estimates made a few months ago. By the first of the year, many of the economical electrolytic lines will be in operation.

"The alloy steel situation continues to remain tight and supplies of certain alloy steels are far from meeting demand. The hot top bottleneck still exists. An increase in alloy steel production brings the possibility of an overall reduction in total steel ingot output. Alloy steels take much longer to melt than ordinary carbon steels, and require more processing. Alloy steel production this year will be about 13% of the total steel produced. Next year the percent will gain again.

"Reports from the Midwest indicate that several additional phases of the war program have been trimmed back recently, but so far the reductions have not been reflected in large scale cancellations of steel orders. Apparently, airplanes are now the key to all planning. The aircraft building program for the coming year is double the goal of 1942. Instead of the 60,000-plane schedule for this year, the 1943 program calls for 100,000 ships, a large proportion to be heavily armored bombers, many of them to come from the Willow Run plant now in operation.

"The 3% freight tax which went into effect last week has caused confusion temporarily. On sales of steel made into arbitrary basing points, the tax will be absorbed by producers. On sales made by the customary basing point method, the customer will pay the additional amount from the established basing point to destination, with producers absorbing only to the extent that they have in the past for competitive purposes."

The American Iron and Steel Institute on Dec. 7 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.6% of capacity for the week beginning Dec. 7, compared with 98.3% one week ago, 99.6% one month ago and 97.5% one year ago. This represents an increase of 0.3 point or 0.3% from the preceding week. The operating rate for the week beginning Dec. 7 is equivalent to 1,686,700 tons of steel ingots and castings, compared to 1.681,600 tons one week ago, 1,703,800 tons one month ago, and 1,610,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets. on Dec. 7 stated in part: "A significant feature in Government orders now being placed is inclusion of a cancellation clause, providing for remuneration and damages if the Government terminates a contract before completion. This provision can be extended from prime to subcontractors and material suppliers.

"Despite the easier situation implied by the reduction in backlogs, war requirements continue to take practically all available steel and Washington officials warn against expectation that material will be available for civilian use in larger measure than at present. When the present shift in character of war equipment is completed demand will be found to absorb output, they say, with the Controlled Materials Plan functioning to match demand to supply and eliminate need to place orders for deferred delivery.

"Steel warehouses are in better position under the new directive plan and shipments have been sufficient that some distributors have received full fourth quarter quotas. Demand is somewhat lighter, attributed to Government contract cancellations and uncertainties under the changing picture of armament requirements. Cold-finished and alloy steel receipts are still scarce but better supplies of hot-rolled NE steels are being received. Under the Controlled Materials Plan warehouses will not be given allotment numbers but will be supplied by directives based on quantities normally supplied to the districts they serve.

"Steel bars continue difficult to obtain on new orders, although some easing is noted in carbon rounds under 1½ inches. Larger rounds and flats and all sizes of alloy and cold-finished steel bars show no improvement and demand is heavy, with large backlogs. Cold-drawn producers find the allocation plan for hot-rolled bars is aiding their production and has improved the situation materially. Changes in specifications and substitutions in alloy steels is the cause of some delay in deliveries.

"Scrap supply in general is easier than for several months and efforts of various agencies to bring out dormant supplies from industrial and other sources are being pushed successfully, resulting in considerable additions to tonnage. While the current situation is satisfactory a shortage might recur late in the winter if vigorous campaigning for further supply were allowed to lag. Considerable reserves have been accumulated and melters are becoming more particular as to grades, some rejections being made. OPA is seeking to minimize these as the lower grade scrap will be needed later. In a few instances steelmakers are holding back shipments. On the other hand direct allocations are in force for districts where supply is less satisfactory.

"Effect of Government restrictions on construction is shown in the report on October bookings, which were 46,811 tons, against 68,520 in September. However, for ten months the loss was only 16.5% from the same period in 1941 and both bookings and shipments to Nov. 1 were larger than in 1940."

# Moody's Daily Commodity Index

| | |
|---|---|
| Tuesday, Dec. 1 | 230.8 |
| Wednesday, Dec. 2 | 231.3 |
| Thursday, Dec. 3 | 232.2 |
| Friday, Dec. 4 | 232.3 |
| Saturday, Dec. 5 | 232.7 |
| Monday, Dec. 7 | 233.2 |
| Tuesday, Dec. 8 | 232.5 |
| Two weeks ago, Nov. 24 | 230.4 |
| Month ago, Nov. 7 | 233.1 |
| Year ago, Nov. 8 | 210.0 |
| 1941 High, Sept. 9 | 219.9 |
| Low, Feb. 17 | 171.6 |
| 1942 High, Oct. 3 | 236.4 |
| Low, Jan. 2 | 220.0 |

# Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

| Period | Orders Received Tons | Production Tons | Unfilled Orders Remaining Tons | Percent of Activity Current | Percent of Activity Cumulative |
|---|---|---|---|---|---|
| 1942—Week Ended— | | | | | |
| Aug. 1 | 119,023 | 125,653 | 213,443 | 76 | 89 |
| Aug. 8 | 114,969 | 121,035 | 208,769 | 75 | 88 |
| Aug. 15 | 120,262 | 122,735 | 208,206 | 73 | 88 |
| Aug. 22 | 124,763 | 119,299 | 213,890 | 74 | 87 |
| Aug. 29 | 122,236 | 124,440 | 212,953 | 77 | 87 |
| Sept. 5 | 129,486 | 124,580 | 218,539 | 78 | 87 |
| Sept. 12 | 106,933 | 101,891 | 222,636 | 65 | 86 |
| Sept. 19 | 138,477 | 132,212 | 228,355 | 81 | 86 |
| Sept. 26 | 129,503 | 131,173 | 224,926 | 78 | 86 |
| Oct. 3 | 144,506 | 133,513 | 236,208 | 80 | 86 |
| Oct. 10 | 147,437 | 131,961 | 248,026 | 80 | 86 |
| Oct. 17 | 152,644 | 134,197 | 261,871 | 79 | 85 |
| Oct. 24 | 150,133 | 136,249 | 275,139 | 81 | 85 |
| Oct. 31 | 138,423 | 138,262 | 272,006 | 84 | 85 |
| Nov 7 | 157,919 | 138,492 | 291,780 | 84 | 85 |
| Nov. 14 | 147,815 | 137,355 | 301,088 | 83 | 85 |
| Nov. 21 | 146,335 | 133,188 | 310,439 | 83 | 85 |
| Nov. 28 | 136,655 | 124,461 | 321,885 | 77 | 85 |

**Note**—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

# October Home Mortgage Recordings Higher

Despite the lessened demand for construction loans caused by the stoppage of non-war housing, the volume of home mortgages recorded in October throughout the country was slightly higher than in September and August, the Federal Home Loan Bank Administration, a unit of the National Housing Agency, reported on Dec. 5.

"During October non-farm mortgages of $20,000 or less recorded by all mortgagees are estimated at $357,000,000, a 3% rise over September but a drop of 20% from October of 1941," the report said. It is also stated that mortgages amounting to approximately $3,400,000,000 have been recorded over the January-October period, 14% less than in the same period last year.

The number and amount of new mortgages made in October, by type of lender, are as follows:

| | Number | Amount | Percent |
|---|---|---|---|
| Savings and loan association | 37,404 | $103,170,000 | 28.9% |
| Insurance companies | 6,904 | 32,577,000 | 9.1 |
| Banks and trust companies | 23,227 | 79,224,000 | 22.2 |
| Mutual savings banks | 3,930 | 14,817,000 | 4.2 |
| Individuals | 32,844 | 67,623,000 | 18.9 |
| Other mortgages | 16,605 | 59,672,000 | 16.7 |
| Totals | 120,914 | $357,083,000 | 100% |

From the announcement we also quote:

"After 3 months of slight gains, construction of privately-financed urban dwelling units declined nearly 20% from September to October, contrary to the usual seasonal trend. The number of new one and two family houses was off only 12%, whereas apartment house construction in October was only about one-half that of the previous month.

"Only 172,827 urban dwelling units were built by private funds in the first 10 months of 1942, in comparison with 328,030 during the same period in 1941. These figures are based on building permit data from the U. S. Department of Labor."

# October Building Permit Valuations Down 11%; Ten Months' Total Decreased 39% From 1941

October building permit valuations were 11% less than during September, Secretary of Labor Frances Perkins reported on Nov. 28. "The decline was caused by a falling off of 34% in indicated expenditures for new non-residential buildings, and a decline of 20% for additions, alterations, and repairs to existing structures," she said. "Permit valuations for new residential buildings showed a gain of 9% between September and October. The gain resulted wholly from an increase in Federally financed dwellings. A decline of 17% was shown in the value of privately financed construction."

Secretary Perkins added:

"Building permit valuations during the current month were 58% lower than during October, 1941. All types of building shared in the decrease. The decline for new residential buildings amounted to 50%; for new non-residential buildings, 71%; for additions, alterations, and repairs, 55%.

"During the first ten months of 1942, permits were issued in reporting cities for buildings valued at $1,588,918,000, a decrease of 39% as compared with the corresponding period of 1941. Permit valuations for new residential buildings for the first 10 months of the current year amounted to $713,430,000, a decline of 45% as compared with the same period of the preceding year. Over the corresponding period, new non-residential valuations showed a decline of 35% while additions, alterations and repairs fell off by 30%."

The Labor Department's announcement further said:

"Tabulations which were compiled by the Bureau of Labor Statistics include contracts awarded by Federal and State Governments in addition to private and municipal building construction. For October, 1942, Federal and State construction in the 2,263 reporting cities totaled $38,362,000; for September, 1942, $36,494,000; and for October, 1941, $51,344,000.

"Changes in the permit valuations in the 2,263 reporting cities between October, 1942, September, 1942, and October, 1941, are summarized below:

| Class of Construction— | Change from Sept. 1942 to Oct. 1942 All Cities |
|---|---|
| New residential | + 8.8% |
| New non-residential | —33.6% |
| Additions, alters. & repairs | —20.1% |
| All construction | —11.2% |

| Class of Construction— | Change from Oct. 1941 to Oct. 1942 All Cities |
|---|---|
| New residential | —49.7% |
| New non-residential | —70.5% |
| Additions, alters. & repairs | —55.3% |
| All construction | —58.2% |

"Comparisons of permit valuations for the cities reporting for the first ten months of 1941 and 1942 are shown in the following table:

| Class of Construction— | Change from first 10 months of 1941 to first 10 months of 1942 All Cities |
|---|---|
| New residential | —44.9% |
| New non-residential | —34.7% |
| Additions, alters. & repairs | —30.1% |
| All construction | —39.2% |

"In the 2,263 reporting cities, permits were issued in October, 1942, for new housekeeping dwellings which will provide 16,115 dwelling units, or 13% more than 14,278 dwelling units provided in the previous month, and 44% less than the number provided in October, 1941. Dwelling units in publicly financed projects included in these totals number 5,971 in October, 1942; 2.036 in September, 1942; and 3,087 in October, 1941. In addition the Federal Government awarded contracts in October, 1942, for dormitories to accommodate 1,988 single persons.

"Principal centers of various types of building construction for which permits were issued or contracts were awarded in October, 1942, except those awarded by the War and Navy Departments, Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: Bristol, Conn., 1-family dwellings to cost $766,000; South Portland, Me., 1-family dwellings to cost $483,000; Philadelphia, Pa., 1-family dwellings to cost $1,057,000; Chicago, Ill., 2-family dwellings to cost $989,000; Detroit, Mich., 1-family dwellings to cost $2,485,000; Lincoln Park, Mich., 1-family dwellings to cost $522,000; Cleveland, Ohio, 1-family dwellings to cost $502,000; Milwaukee, Wis., factories to cost $503,000; Washington, D. C., multi-family dwellings to cost $1,134,000; Alexandria, Va., multi-family dwellings to cost $418,000; Arlington County, Va., boiler houses to cost $562,000; El Paso, Tex., sewage plant to cost $452,000; Los Angeles, Calif., 1-family dwellings to cost $792,000 and industrial buildings to cost $5,924,000; Oakland, Calif., 1-family dwellings to cost $767,000; San Diego, Calif., factories to cost $300.000; San Leandro, Calif., 1-family dwellings to cost $522,000; South Gate, Calif., 1-family dwellings to cost $364,000; Portland, Oreg., 1-family dwellings to cost $348,000; and Seattle, Wash., 1-family dwellings to cost $345,000.

"Contracts were awarded during October for the following publicly financed housing projects containing the indicated number of units: Bridgeport, Conn., $1,957,000 for 500 units; South Portland, Me., $1,272,000 for 750 dormitory apartments; Erie, Pa., $761,000 for 200 demountable units; Corapolis, Pa., $467,000 for 100 units; Marion, Ill., $814,000 for 200 demountable units; Lorain, Ohio, $899,000 for 200 units; Manitowoc, Wis., $875,000 for 250 demountable units; Sturgeon Bay, Wis., $1,750,000 for 500 demountable units; Panama City, Fla., $1,839,000 for 500 demountable units; Baltimore, Md., $1,600,000 for 420 units; Prichard, Ala., $1,595,000 for 400 demountable units; Glendale, Ariz., $175,000 for 51 units; Chula Vista, Calif., $1,165,000 for 300 demountable units, Tacoma, Wash., $1,686,000 for 400 units and $4,484,000 for 1,200 demountable units. In addition, contracts were awarded for dormitory accommodations for 500 persons at Sturgeon Bay, Wis. to cost $510,000; and for 1,488 persons at Fort Worth, Tex., to cost $428,000."

# November Department Store Sales

The Board of Governors of the Federal Reserve System announced on Dec. 3 that department store sales increased more than seasonally from October to November and the Board's adjusted index rose 7 points further to an estimated 135% of the 1923-25 average.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

| | Nov., 1942 | Oct., 1942 | Sept., 1942 | Nov., 1941 |
|---|---|---|---|---|
| Adjusted for seasonal variation | 135 | 128 | 123 | 116 |
| Without seasonal adjustment | 154 | 137 | 133 | 133 |

Change from corresponding period a year ago (per cent)

| Federal Reserve District— | One week ending *Nov. 28 | *Nov. 21 | Nov. 14 | Nov. 7 | Four-weeks ending Nov.28 | Oct.31 | Sept.26 | Aug.29 | Year to Nov.28 |
|---|---|---|---|---|---|---|---|---|---|
| Boston | —11 | +35 | +14 | +18 | +12 | +14 | +8 | — 9 | +11 |
| New York | —15 | +28 | + 4 | +11 | + 5 | +13 | — 2 | —10 | + 6 |
| Philadelphia | + 2 | + 7 | + 8 | +16 | + 8 | +17 | + 9 | 0 | +12 |
| Cleveland | 0 | +24 | +15 | +18 | +14 | +18 | + 8 | —12 | +10 |
| Richmond | + 1 | §+32 | +14 | +33 | +19 | +16 | +14 | + 5 | +19 |
| Atlanta | + 7 | +16 | +13 | +13 | +12 | +16 | + 9 | — 4 | + 8 |
| Chicago | — 3 | §+32 | + 8 | +15 | +12 | +21 | + 6 | — 5 | +10 |
| St. Louis | 0 | §+29 | +16 | +16 | +14 | +11 | + 5 | 0 | +11 |
| Minneapolis | † | † | † | † | +13 | + 7 | + 3 | —15 | + 4 |
| Kansas City | +22 | +50 | +37 | +34 | +35 | +36 | +21 | + 3 | +16 |
| Dallas | + 9 | +30 | +22 | +18 | +19 | +22 | +13 | — 8 | + 9 |
| San Francisco | + 8 | +47 | +31 | +49 | +32 | +27 | +19 | — 2 | +17 |
| U. S. total | — 2 | +30 | +13 | +20 | +14 | +19 | + 8 | — 6 | +11 |

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

| 1942— | | 1941— | |
|---|---|---|---|
| Oct. 31 | 158 | Nov. 1 | 138 |
| Nov. 7 | 166 | Nov. 8 | 139 |
| Nov. 14 | 166 | Nov. 15 | 148 |
| Nov. 21 | §166 | Nov. 22 | 128 |
| Nov. 28 | 165 | Nov. 29 | 169 |

*Year ago comparisons for the United States total and for some districts reflect differences in the date of Thanksgiving this year and last. †Not shown separately but included in United States total. ‡Monthly indexes refer to daily average sales in calendar month; November, 1942, figures estimated from weekly sales. §Revised.

# Wholesalers' Sales, Inventories, And Credits In September

September sales of wholesalers, amounting to $335,358,000, was an advance of only 3% over the same month a year ago, according to an announcement released by J. C. Capt, Director of the Census. The gain reported in August of this year as compared with August, 1941 was 2%. An increase of 5% occurred between August and September of 1942, in line with the usual seasonal trend. Sales for the first nine months of 1942 of $3,295,245,000 were 16% above those for the corresponding period of 1941. The advices from the Department state:

"Twenty of the 35 trades for which separate data are presented in this report showed increases in sales for September of this year, compared with September 1941, 12 showed decreases, and three (clothing and furnishings except shoes, optical goods, and lumber and building materials) remained at approximately the same levels. With one exception (industrial supplies) the sales increases were confined to the non-durable goods lines. Wholesalers of meats and meat products recorded an increase of 31%; shoes and other footwear, 14%; groceries and foods, except farm products, 12%; tobacco and its products, 12%; and drugs and sundries (liquor excluded), 11%. Decreases in sales, however, were shown for wholesalers of paper and its products, industrial chemicals, and petroleum. Decreases in the durable goods lines ranged from 2% to 28%, on the basis of a comparison of sales for September, 1942 with those of the same month last year. Sales of wholesalers of furniture and house furnishings were off 28%; electrical goods, 19%; automotive supplies, 13%, and general hardware, 9.

"Inventories, in terms of dollars based on cost values, at the close of September dropped 3%, compared with August, the sixth consecutive month when inventories at the end of the month were lower than those at the beginning. Inventories at the close of September, 1942 were 7% below those for the same date last year, continuing the decline in evidence at the beginning of this year.

"The stock-sales ratio for wholesalers at the close of September, 1942 was 118, as against 127 for September, 1941, and 129 for August, 1942. Of the 32 trades for which stock-sales ratios are shown, 15 registered decreases in their ratios for September, 1942, compared with those for September, 1941, 15 showed increases, and two (shoes and other footwear, and fresh fruits and vegetables) were the same. Full-line wholesalers of groceries and foods, with a 13% increase in sales and an 8% decrease in inventories, registered a stock-sales ratio of 132 for September, 1942, as compared with 158 for September a year ago. General hardware wholesalers, with a sales loss of 9% and a 21% decrease in inventories, recorded a stock-sales ratio of 189 for September of this year, as against a ratio of 210 for September, 1941. Wholesalers of drugs and sundries, dairy and poultry products, and industrial supplies also showed decreases in stock-sales ratios at the close of September, compared with a year ago. Substantial increases in stock-sales ratios, however, were shown for wholesalers of paper and its products, paints and varnishes, clothing and furnishings, and dry goods, on the basis of a comparison with September, 1941.

"Collections on accounts receivable were up more than 17% for September, 1942, compared with September, 1941, and up slightly, compared with August, 1942. The collection ratio for September of this year was 88; for September of last year, 75; and for August, 1942, 87. Accounts receivable were 9% less on Sept. 1, 1942 than on Sept. 1, 1941. Accounts receivable on Sept. 1, 1942 were slightly above those recorded for the beginning of August, 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

# President Signs Bill Creating "SPARS"

President Roosevelt signed on Nov. 23 the bill establishing a women's reserve in the Coast Guard.

The new organization is to be called the "SPARS," formed from the Coast Guard motto, "Semper Paratus" — "Always Prepared." The name was suggested by the new head of the reserves, Lieut. Comdr. Dorothy C. Stratton, who was formerly connected with the Women's Naval Reserve, and prior to that time was dean of women at Purdue University.

The SPARS, expected to number about 8,000 by 1944, will take over the duties of men now stationed on shore, releasing them for combat duty. The new organization, formed from Women's Auxiliary Reserve of the Coast Guard, had unofficially been termed "Warcogs."

The legislation passed the House on Oct. 14 and the Senate, in amended form, on Nov. 12. House agreement on Nov. 16 to Senate amendments sent the bill to the President for signing.

# Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that production of soft coal declined sharply in the week ended Nov. 28 because of the observance of the Thanksgiving holiday at the mines, and amounted to an estimated total of 10,675,000 net tons, a decrease of 875,000 tons, or 7.6%, from the preceding week. Part of the time lost on the holiday was compensated for on Saturday, Nov. 28. Production in the week ended Nov. 29, 1941 (which did not include a holiday) amounted to 11,632,000 tons. The output of soft coal to date shows an increase of 13.6% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Nov. 28 was estimated at 1,156,000 tons, a decrease of 2,000 tons (0.2%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 318,000 tons, or 37.9%. The calendar year to date shows a gain of 5.8%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Nov. 28 showed a decrease of 2,600 tons when compared with the output in the week ended Nov. 21. The quantity of coke from beehive ovens decreased 15,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

| | Week Ended | | | January 1 to Date | | |
|---|---|---|---|---|---|---|
| Bituminous and lignite coal— | Nov. 28, 1942 | Nov. 21, 1942 | Nov. 29, 1941 | Nov. 28, 1942 | Nov. 29, 1941 | Nov. 27, 1937 |
| Total, incl. mine fuel | 10,675 | 11,550 | 11,632 | 525,536 | 462,596 | 405,145 |
| Daily average | †2,135 | 1,925 | 2,006 | 1,888 | 1,668 | 1,458 |
| *Crude petroleum— | | | | | | |
| Coal equivalent of weekly output | 6,212 | 6,267 | 6,546 | 293,899 | 290,915 | 264,893 |

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, p. 775). †Average based on five days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

| | Week Ended | | | Calendar Year to Date | | |
|---|---|---|---|---|---|---|
| Penn. anthracite— | §Nov. 28, 1942 | Nov. 21, 1942 | Nov. 29, 1941 | Nov. 28, 1942 | Nov. 29, 1941 | Nov. 30, 1929 |
| *Total, incl. colliery fuel | 1,156,000 | 1,158,000 | 838,000 | 55,127,000 | 52,097,000 | 66,448,000 |
| †Commercial production | 1,110,000 | 1,112,000 | 796,000 | 52,463,000 | 49,492,000 | 61,664,000 |
| Beehive coke— | | | | | | |
| United States total | 147,000 | 162,700 | 143,300 | 7,229,300 | 6,018,200 | 6,011,700 |
| By-product coke— | | | | | | |
| United States total | 1,206,800 | 1,209,400 | ‡ | 56,369,900 | ‡ | ‡ |

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| | Week Ended | | | | | Nov. avge. |
|---|---|---|---|---|---|---|
| State— | Nov. 21, 1942 | Nov. 14, 1942 | Nov. 22, 1941 | Nov. 23, 1940 | Nov. 20, 1937 | ¶1923 |
| Alaska | 5 | 5 | 6 | 3 | 2 | ** |
| Alabama | 376 | 352 | 222 | 297 | 246 | 409 |
| Arkansas and Oklahoma | 93 | 91 | 95 | 97 | 82 | 100 |
| Colorado | 172 | 159 | 162 | 193 | 178 | 236 |
| Georgia and North Carolina | 1 | 1 | 1 | 1 | †† | ** |
| Illinois | 1,372 | 1,243 | 1,194 | 1,139 | 1,138 | 1,571 |
| Indiana | 528 | 510 | 568 | 421 | 395 | 536 |
| Iowa | 62 | 55 | 78 | 78 | 97 | 128 |
| Kansas and Missouri | 168 | 175 | 161 | 163 | 168 | 175 |
| Kentucky—Eastern | 960 | 980 | 594 | 730 | 686 | 724 |
| Kentucky—Western | 296 | 315 | 230 | 191 | 193 | 218 |
| Maryland | 31 | 34 | 21 | 31 | 33 | 35 |
| Michigan | 7 | 7 | 8 | 8 | 14 | 26 |
| Montana (bituminous and lignite) | 110 | 109 | 92 | 77 | 79 | 83 |
| New Mexico | 36 | 34 | 30 | 22 | 30 | 62 |
| North and South Dakota (lignite) | 92 | 101 | 95 | 76 | 72 | **35 |
| Ohio | 701 | 690 | 634 | 454 | 492 | 764 |
| Pennsylvania (bituminous) | 2,565 | 2,385 | 1,812 | 2,512 | 1,815 | 2,993 |
| Tennessee | 140 | 145 | 145 | 122 | 101 | 117 |
| Texas (bituminous and lignite) | 7 | 8 | 8 | 9 | 19 | 29 |
| Utah | 110 | 114 | 99 | 99 | 82 | 112 |
| Virginia | 397 | 412 | 338 | 290 | 258 | 217 |
| Washington | 51 | 52 | 43 | 40 | 42 | 72 |
| *West Virginia—Southern | 2,180 | 2,250 | 1,526 | 1,786 | 1,408 | 1,271 |
| †West Virginia—Northern | 888 | 913 | 525 | 608 | 476 | 776 |
| Wyoming | 200 | 200 | 156 | 149 | 124 | 184 |
| ‡Other Western States | 2 | †† | †† | 1 | 1 | **5 |
| Total bituminous and lignite | 11,550 | 11,340 | 8,843 | 9,597 | 8,231 | 10,878 |
| §Pennsylvania anthracite | 1,158 | 1,174 | 907 | 905 | 1,029 | 1,896 |
| Total all coal | 12,708 | 12,514 | 9,750 | 10,502 | 9,260 | 12,774 |

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

# National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index compiled by the National Fertilizer Association and made public on Dec. 7, remained unchanged last week at a record level. In the week ended Dec. 5, 1942, this index stood at 130.6% of the 1935-39 average, the same as in the preceding week. A month ago it registered 130.0 and a year ago 117.2. The Association's report also added:

Although there were fractional advances in the foods, miscellaneous commodities, and textiles indexes, these price changes were insufficient to raise the general index above the level of the preceding week. The farm product price index remained unchanged, the net result of advances in cotton and grains, which offset declines in livestock. Advancing prices for corn meal, dried beans, chickens, and cottonseed oil were responsible for the slight rise in the food price index, which advanced for the seventh consecutive week. The index of miscellaneous commodities registered a fractional advance as a result of higher prices for linseed meal, middlings, and bran. The only other group to change during the week was the textile index, which was also fractionally higher.

During the week 17 commodities advanced and four declined; in the preceding week there were 13 advances and two declines; in the second preceding week there were 13 declines and eight advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

| % Each Group Bears to the Total Index | Group | Latest Week Dec. 5, 1942 | Preceding Week Nov. 28, 1942 | Month Ago Oct. 31, 1942 | Year Ago Dec. 6, 1941 |
|---|---|---|---|---|---|
| 25.3 | Foods | 134.2 | 134.1 | 132.9 | 113.1 |
| | Fats and Oils | 148.8 | 147.0 | 146.2 | 124.4 |
| | Cottonseed Oil | 164.7 | 160.0 | 156.1 | 149.3 |
| 23.0 | Farm Products | 142.1 | 142.1 | 142.2 | 119.2 |
| | Cotton | 184.8 | 182.5 | 180.2 | 163.4 |
| | Grains | 120.7 | 117.7 | 112.3 | 109.2 |
| | Livestock | 139.9 | 141.2 | 143.6 | 112.5 |
| 17.3 | Fuels | 119.3 | 119.3 | 119.3 | 113.3 |
| 10.8 | Miscellaneous commodities | 128.6 | 128.4 | 127.2 | 126.2 |
| 8.2 | Textiles | 148.7 | 148.4 | 148.0 | 140.7 |
| 7.1 | Metals | 104.4 | 104.4 | 104.4 | 104.0 |
| 6.1 | Building materials | 151.3 | 151.3 | 151.4 | 131.2 |
| 1.3 | Chemicals and drugs | 127.6 | 127.6 | 120.7 | 112.0 |
| .3 | Fertilizer materials | 117.5 | 117.5 | 117.4 | 114.8 |
| .3 | Fertilizers | 115.3 | 115.3 | 115.3 | 109.8 |
| .3 | Farm machinery | 104.1 | 104.1 | 104.1 | 100.7 |
| 100.0 | All groups combined | 130.6 | 130.6 | 130.0 | 117.2 |

*Indexes on 1926-1928 base were: December 5, 1942, 101.7; Nov. 28, 101.7; Dec. 6, 1941, 91.3.

# Consumer Instalment Cash Lending Down In Oct.

The Board of Governors of the Federal Reserve System announced on Nov. 28 that consumer instalment loans held by industrial banks, personal finance companies, and credit unions declined by 4% in October to an estimated total of $808,000,000. This represents a decline of 23% since the end of 1941, says the announcement, which adds:

"Loans aggregating $104,000,000 were made by these three types of cash lending institutions in October. The decline in loan volume was 3.2% from September, and 28.1% from October, 1941.

"October repayments were about the same as in September amounting to $137,000,000, and were 9% below estimated collections during the same month a year ago."

INSTALMENT LOANS TO CONSUMERS—OCTOBER, 1942
**Estimated Totals for United States**

| | Amounts in millions of dollars | | Percentage changes from— | | |
|---|---|---|---|---|---|
| | Oct. 1942 | Sept. 1942 | Sept. '42 to Oct. '42 | Oct. '41 to Oct. '42 | Jan.-Oct. '41 to Jan.-Oct. '42 |
| Volume of loans made: | | | | | |
| Personal finance companies | 58.9 | *60.0 | — 1.9 | —22.8 | —17.7 |
| Industrial banking companies | 29.8 | *31.2 | — 3.9 | —30.5 | —25.5 |
| Credit unions—total | 14.8 | *15.7 | — 6.2 | —40.1 | —37.6 |
| State-chartered | 9.6 | *10.3 | — 7.0 | —40.4 | —36.9 |
| Federal-chartered | 5.2 | 5.4 | — 4.6 | —39.5 | —39.0 |
| Repayments: | | | | | |
| Personal finance companies | 73.3 | 73.6 | — 0.3 | — 7.6 | — 3.3 |
| Industrial banking companies | 41.8 | *40.5 | — 3.1 | — 5.9 | — 6.9 |
| Credit unions—total | 22.2 | *22.2 | — 0.1 | —18.9 | — 6.3 |
| State-chartered | 14.8 | *14.8 | + 0.1 | —18.2 | — 6.5 |
| Federal-chartered | 7.4 | *7.4 | — 0.3 | —21.3 | — 6.2 |
| Outstanding at end of month: | | | | | |
| Personal finance companies | 437.5 | 452.0 | — 3.2 | —17.0 | ---- |
| Industrial banking companies | 224.3 | *236.2 | — 5.0 | —26.1 | ---- |
| Credit unions—total | 146.3 | *153.9 | — 4.9 | —32.7 | ---- |
| State-chartered | 104.9 | 110.2 | — 4.8 | —31.4 | ---- |
| Federal-chartered | 41.4 | *43.7 | — 5.2 | —35.8 | ---- |

*Revised.

# November Engineering Construction Up 74%—Federal Work 92% Of Volume

November engineering construction volume totaled $607,622,000, the highest November value ever reported by "Engineering News-Record," on Dec. 1. The total averaged $151,906,000 for each of the four weeks of the month, an increase of 74% over November last year, and 10% above the average for the five weeks of October, 1942. The report continued as follows:

Federal construction accounted for 92% of the November figure, and was up 153% compared with a year ago, and climbed 13% over the average for a month ago. Public work, feeling the effect of the Federal gains, rose 106% above the 1941 month and 10% over the preceding month, despite the respective 72 and 44% declines in State and municipal volume. Private construction was 55% below November, 1941, but was up 4% compared with October, 1942.

Construction volumes for the 1941 month, last month, and this month are:

| | Nov., 1941 (four weeks) | Oct., 1942 (five weeks) | Nov., 1942 (four weeks) |
|---|---|---|---|
| Total Construction | $348,800,000 | $691,979,000 | $607,622,000 |
| Private Construction | 68,432,000 | 37,041,000 | 30,763,000 |
| Public Construction | 280,368,000 | 654,938,000 | 576,859,000 |
| State and Municipal | 58,977,000 | 37,234,000 | 16,647,000 |
| Federal | 221,391,000 | 617,704,000 | 560,212,000 |

The November total brought engineering construction for 1942 to date to $8,932,207,000, a gain of 60% over the volume for the corresponding period last year, and already 52% higher than the $5,868,699,000 reported for the entire year 1941. Private construction, $542,544,000, was 52% below the 11-month period a year ago, but public work, $8,389,663,000, was 88% higher, due to the 137% gain in Federal work.

### New Capital

New capital for construction purposes for November reached $648,257,000, a peak 236% above the month last year. Federal appropriations for construction made up the major portion of the new financing volume, $612,288,000. The balance was divided as follows: State and municipal bond sales, $3,079,000; corporate security issues, $6,890,000; and RFC loans for industrial expansion, $26,000,000.

The month's financing carried the 1942 11-month new capital volume to $10,204,255,000, a new all-time high, 63% above the period in 1941. Federal construction appropriations, $9,579,186,000, were 93% above last year, and accounted for 94% of the total. Private investment, $385,914,000, was 49% below a year ago; and Federal funds for financing non-Federal work, $239,155,000, were down 59%.

# From Washington

(Continued from first page)

their path. Jesse was a terrible fellow. He had the "banker mind." He was, as a matter-of-fact, so damned foolish in these progressive times that he wanted to know where the money was going. Such a mind as that could not win the war, because, to win the war, we had to be daring. Jesse had no sense of that daring, which our up-and-coming New Dealers had. Well, you can't have a man like that on the firing line.

The result of this campaign against Jesse was that a lot of his authority was taken from him, and given over to more daring men, particularly, that daring young man, Henry Wallace. It so happens that a lot of the tremendous authority, which the executive branch had, had been gotten by Jesse from Congress, because Congress considered him to be "banker minded." The executive branch now having gotten this authority, the move was to strip Jesse of it and turn it over to men whom Congress would not have given it to in the first place.

The move was accomplished. One of the authorities taken from Jesse was that of saying where the money of the BEW was going.

Now Congress, revitalized, and with a view to looking into the expenditure of this money which it has appropriated, has a move afoot to turn the BEW's money authority back to Jesse. An awful howl has gone up. Among the leading howlers is Eugene Meyer, the owner of the Washington Post. Eugene has hired a columnist, because of the job he is willing to do on Jesse, not only in Eugene's paper, but on the radio, once a week. Jesse must go!

The height of this latest scream is that here is Henry Wallace's BEW trying to win the war, and it can't talk about how it is trying to win it, because it is a military secret, but that damned Jesse Jones, if he has the purse strings, won't let it.

Wanting to know what we are doing about this money, and, also, not wanting to talk about military secrets, we are reminded of the Latin-American consul, who, a few weeks ago, was caught going with another man's wife out in California. And when the aggrieved husband filed suit for a divorce and named the Latin-American as a co-respondent, the latter exclaimed: "It is giving comfort to Hitler."

Frankly, we don't think the question of giving comfort to Hitler should turn upon Eugene Meyer's inspired campaign against Jesse Jones, or of supporting Henry Wallace's BEW. Eugene Meyer, a multimillionare, doesn't like Jesse, because he, Eugene, considers himself to have been the father of the RFC, and it irks him to have Jesse identified with it all the time. Henry's BEW may well bear investigation, and make no mistake of that. It has thrown money around like nobody's business, and all of it in the guise of "Don't you want to win the war?"

We make this prediction: If a Congressional committee does get into it, it will be such a scandal of waste and crazy ambitions as we have never known. In the meantime, there is this to be said: Of all the bureaucracy in Washington, Jesse Jones' is the only orderly set-up of which this correspondent knows.

* * *

Last week we predicted a pulling away of the American Federation of Labor from the New Deal. We are now prepared to predict that, unless the Administration stops the raiding activities which the CIO is pursuing against the AFL in the Kaiser shipyard plants on the Pacific Coast, that the Federation is prepared to withdraw all of its men from the many joint agencies which are at present set up in Washington, the WPB, the WLB, etc.

# Market Value Of Stocks On New York Stock Exchange Lower On Nov. 30

The New York Stock Exchange announced on Dec. 4 that as of the close of business Nov. 30, there were 1,242 stock issues aggregating 1,470,976,125 shares listed on the New York Stock Exchange, with a total market value of $37,374,462,460. This compares with 1,243 stock issues aggregating 1,470,960,448 shares, with a total market value of $37,727,599,526 on Oct. 31 and with 1,234 stock issues aggregating 1,464,476,868 shares, with a total market value of $37,882,316,239 on Nov. 29, 1941.

In making public the figures for Nov. 30, the Exchange also reported:

"As of the close of business Nov. 30, New York Stock Exchange member total net borrowings amounted to $341,873,208. The ratio of these member borrowings to the market value of all listed stocks on that date, was therefore, 0.91%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

| | —Nov. 30, 1942— | | —Oct. 31, 1942— | |
|---|---|---|---|---|
| Group | Market Value $ | Average Price $ | Market Value $ | Average Price $ |
| Amusement | 310,364,750 | 14.72 | 317,184,964 | 15.05 |
| Automobile | 3,028,070,536 | 25.27 | 3,082,741,525 | 25.73 |
| Aviation | 532,248,148 | 15.40 | 601,827,771 | 17.41 |
| Building | 441,265,189 | 20.25 | 427,683,292 | 19.62 |
| Business & office equipment | 300,106,875 | 25.55 | 293,457,383 | 24.98 |
| Chemical | 5,271,540,236 | 55.32 | 5,258,305,871 | 55.20 |
| Electrical equipment | 1,254,632,528 | 31.25 | 1,270,912,926 | 31.65 |
| Farm machinery | 595,258,304 | 45.43 | 587,149,685 | 44.81 |
| Financial | 757,109,749 | 14.92 | 730,832,882 | 14.40 |
| Food | 2,434,287,558 | 26.07 | 2,352,756,167 | 25.19 |
| Garment | 37,544,472 | 22.44 | 36,369,310 | 21.73 |
| Land & realty | 18,408,221 | 3.79 | 16,305,768 | 3.36 |
| Leather | 178,510,350 | 21.23 | 182,860,466 | 21.75 |
| Machinery & metals | 1,291,962,859 | 18.87 | 1,302,771,130 | 19.03 |
| Mining (excluding iron) | 1,220,930,876 | 20.66 | 1,333,882,119 | 22.57 |
| Paper & publishing | 337,538,708 | 15.17 | 349,468,297 | 15.73 |
| Petroleum | 4,196,674,076 | 21.87 | 4,209,129,575 | 21.93 |
| Railroad | 2,815,164,220 | 24.71 | 3,000,614,313 | 26.34 |
| Retail merchandising | 1,916,483,384 | 26.30 | 1,824,225,032 | 25.03 |
| Rubber | 377,835,105 | 35.76 | 377,515,713 | 35.69 |
| Ship building & operating | 92,996,045 | 19.51 | 101,937,172 | 21.39 |
| Shipping services | 10,917,097 | 5.90 | 12,351,777 | 6.67 |
| Steel, iron & coke | 1,866,725,139 | 37.27 | 1,936,388,036 | 39.66 |
| Textiles | 355,694,532 | 25.28 | 355,621,039 | 25.27 |
| Tobacco | 1,000,163,397 | 37.34 | 1,014,013,227 | 37.86 |
| Utilities: | | | | |
| Gas & electric (operating) | 1,624,405,244 | 17.55 | 1,639,527,912 | 17.72 |
| Gas & electric (holding) | 684,919,788 | 7.15 | 715,011,719 | 7.46 |
| Communications | 2,930,175,485 | 70.07 | 2,847,519,295 | 68.10 |
| Miscellaneous | 79,183,807 | 10.80 | 78,526,921 | 10.71 |
| U. S. companies oper. abroad | 547,862,352 | 16.17 | 526,403,555 | 15.54 |
| Foreign companies | 759,795,992 | 18.77 | 786,137,548 | 19.42 |
| Miscellaneous businesses | 105,687,375 | 18.00 | 108,167,136 | 18.43 |
| All Listed Stocks | 37,374,462,460 | 25.41 | 37,727,599,526 | 25.65 |

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

| | Market Value $ | Average Price $ | | Market Value $ | Average Price $ |
|---|---|---|---|---|---|
| 1940— | | | 1941— | | |
| Aug. 31 | 40,706,241,811 | 28.00 | Oct. 31 | 39,057,023,174 | 26.66 |
| Sept. 30 | 41,491,698,705 | 28.56 | Nov. 29 | 37,882,316,239 | 25.87 |
| Oct. 31 | 42,673,890,518 | 29.38 | Dec. 31 | 35,785,946,533 | 24.46 |
| Nov. 30 | 41,848,246,961 | 28.72 | 1942— | | |
| Dec. 31 | 41,890,646,959 | 28.80 | Jan. 31 | 36,228,397,999 | 24.70 |
| 1941— | | | Feb. 28 | 35,234,173,432 | 24.02 |
| Jan. 31 | 40,279,504,457 | 27.68 | Mar. 31 | 32,844,183,750 | 22.36 |
| Feb. 28 | 39,398,228,749 | 27.08 | Apr. 30 | 31,449,206,904 | 21.41 |
| Mar. 31 | 39,696,269,155 | 27.24 | May 29 | 32,913,725,225 | 22.40 |
| Apr. 30 | 37,710,958,708 | 25.78 | June 30 | 33,419,047,743 | 22.73 |
| May 31 | 37,815,306,034 | 25.84 | July 31 | 34,443,805,860 | 23.42 |
| June 30 | 39,607,836,569 | 27.07 | Aug. 31 | 34,871,607,323 | 23.70 |
| July 31 | 41,654,256,215 | 28.46 | Sept. 30 | 35,604,809,453 | 24.20 |
| Aug. 30 | 41,472,032,904 | 28.32 | Oct. 31 | 37,727,599,526 | 25.65 |
| Sept 30 | 40,984,419,434 | 28.02 | Nov. 30 | 37,374,462,460 | 25.41 |

# Engineering Construction Up 10% As Federal Volume Gains Over 1941 Week

Engineering construction volume for the week, $103,143,000, tops the total for the corresponding 1941 week by 10%, and is well in excess of the $65,929,000 reported for the holiday-shortened preceding week by "Engineering News-Record" on Dec. 3. The report added:

Federal construction accounts for 93% of the week's volume and is 35% higher than in the week last year. As a result of the Federal gain, public construction is 18% above a year ago, despite a 71% drop in State and municipal work. Private volume is 60% below the 1941 week's total.

The current week's volume brings 1942 construction to $9,035,350,000, an increase of 59% over the total for the 49-week period last year. Private construction for the period, $546,182,000, is 52% below a year ago, but public work, $8,489,168,000, is 86% higher, due to the 134% gain in Federal.

Construction volumes for the 1941 week, last week, and the current week are:

| | Dec. 4, 1941 (five days) | Nov. 26, 1942 (four days) | Dec. 3, 1942 (five days) |
|---|---|---|---|
| Total Construction | $93,488,000 | $65,929,000 | $103,143,000 |
| Private Construction | 9,105,000 | 8,689,000 | 3,638,000 |
| Public Construction | 84,383,000 | 57,240,000 | 99,505,000 |
| State and Municipal | 13,488,000 | 3,733,000 | 3,853,000 |
| Federal | 70,895,000 | 53,507,000 | 95,652,000 |

In the classified construction groups, gains over the 1941 week are in waterworks, public buildings, and unclassified construction. Increases over the short preceding week are in waterworks, industrial buildings, public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $3,768,000; sewerage, $795,000; bridges, $135,000; industrial buildings, $910,000; commercial buildings, $2,410,000; public buildings, $76,844,000; earthwork and drainage, $424,000; streets and roads, $5,246,000; and unclassified construction, $12,611,000.

New capital for construction purposes for the week totals $3,008,000. This compares with $14,297,000 for the corresponding week last year. The current week's new financing is made up of $1,508,000 in State and municipal bond sales, $500,000 in corporate security issues, and $1,000,000 in RFC loans for public improvements.

New construction financing for the year to date, $10.207,263,000, is up 62% compared with the $6,296,594,000 reported for the 49-week period in 1941.

# Condition Of All Active Banks On June 30, 1942

In a compilation issued Nov. 19, Comptroller of the Currency Preston Delano lists the assets and liabilities of all active banks in the United States and possessions on June 30, 1942, and comparisons of such figures with the assets and liabilities of all active banks on Dec. 31, 1941, and June 30, 1941.

Assets of the 14,815 active banks (excluding banks in Guam and the Philippines on account of the war) on June 30, 1942, the Comptroller reports, amounted to $92,259,991,000, as against $91,453,694,000 on Dec. 31, 1941, for 14,885 banks, and $87,828,719,000 on June 30, 1941, for 14,919 banks. Of the total assets for June 30, 1942, the 5,107 National banks held $44,718,965,000, the 9,119 State (commercial) banks had $35,690,064,000, the 538 mutual savings banks had $11,655,913,000, and the 51 private banks had $195,049,000.

Total deposits of the 14,815 active banks on the latest date amounted to $83,029,575,000, with the National banks holding $40,659,117,000; the State banks, $31,834,195,000; the mutual savings banks, $10,371,431,000, and the private banks, $164,832,000.

The principal assets of all banks on the latest date were: Loans on real estate, $9,617,560,000; other loans, including overdrafts, $15,560,745,000; United States Government securities, direct and guaranteed, $30,363,023,000; obligations of States and political subdivisions, $3,974,821,000; other bonds, notes and debentures, $4,027,470,000, and balances with other banks, including reserve balances, $24,236,259,000.

Total capital accounts of the banks amounted to $8,522,218,000, consisting principally of $2,603,601,000 common stock, $3,746,111,000 surplus and $1,270,261,000 undivided profits.

The Comptroller's tabulation follows:

(In thousands of dollars)

| | June 30, '42 | Dec. 31, '41 | June 30, '41 |
|---|---|---|---|
| Number of banks | 14,815* | 14,885 | 14,919 |
| Assets— | | | |
| Loans on real estate | $9,617,560 | $9,718,071 | $9,633,305 |
| Other loans, including overdrafts | 15,560,745 | 17,120,294 | 15,910,133 |
| Total loans | $25,178,305 | $26,838,365 | $25,543,438 |
| U. S. Government securities: | | | |
| Direct obligations | 27,287,165 | 21,070,177 | 18,892,790 |
| Guaranteed obligations | 3,075,858 | 4,483,632 | 4,684,271 |
| Obligations of States and political subdivisions | 3,974,821 | 4,196,861 | 4,206,526 |
| Other bonds, notes and debentures | 4,027,470 | 4,165,115 | 4,242,115 |
| Corporate stocks, including stock of Federal Reserve banks | 650,798 | 673,561 | 704,030 |
| Total investments | $39,016,112 | $34,589,346 | $32,729,732 |
| Currency and coin | 1,446,780 | 1,545,018 | 1,408,306 |
| Balances with other banks, including reserve balances | 24,236,259† | 25,942,377 | 25,471,008 |
| Bank premises owned, furniture and fixtures | 1,204,320 | 1,209,480 | 1,222,200 |
| Real estate owned other than bank premises | 614,523 | 706,486 | 834,353 |
| Investments and other assets indirectly representing bank premises or other real estate | 127,781 | 133,125 | 144,408 |
| Customers' liability on acceptances outstanding | 67,961 | 84,461 | 90,360 |
| Interest, commissions, rent, and other income earned or accrued but not collected | 367,950 | 162,893 | 157,961 |
| Other assets | | 242,143 | 226,953 |
| Total assets | $92,259,991† | $91,453,694 | $87,828,719 |
| Liabilities— | | | |
| Deposits of individuals, partnerships and corporations: | | | |
| Demand | $39,983,386 | $37,805,431 | $35,571,528 |
| Time | 25,613,382 | 26,063,374 | 26,247,184 |
| U. S. Government and postal savings deposits | 1,902,191 | 1,947,950 | 800,326 |
| Deposits of States and political subdivisions | 4,454,371 | 4,303,416 | 4,140,029 |
| Deposits of banks | 10,295,050† | 11,015,110 | 10,982,431 |
| Other deposits (certified and cashiers' checks, &c.) | 781,195 | 1,097,979 | 807,831 |
| Total deposits | $83,029,575† | $82,233,260 | $78,549,329 |
| Bills payable, rediscounts and other liabilities for borrowed money | 20,736 | 22,593 | 22,559 |
| Acceptances executed by or for account of reporting banks | 78,641 | 100,521 | 106,594 |
| Interest, discount, rent and other income collected but not earned | 608,821 | 97,811 | 101,181 |
| Interest, taxes and other expenses accrued and unpaid | | 124,227 | 114,899 |
| Other liabilities | | 380,145 | 409,638 |
| Total liabilities | $83,737,773† | $82,958,557 | $79,304,200 |
| Capital Accounts— | | | |
| Capital notes and debentures | 104,171 | 108,194 | 114,683 |
| Preferred stock | 290,914 | 312,085 | 331,945 |
| Common stock | 2,603,601 | 2,614,082 | 2,608,377 |
| Surplus | 3,746,111 | 3,704,368 | 3,616,763 |
| Undivided profits | 1,270,261 | 1,248,461 | 1,247,041 |
| Reserves for retirement account for preferred stock and capital notes and debentures | 507,160 | 507,947 | 605,710 |
| Total capital accounts | $8,522,218 | $8,495,137 | $8,524,519 |
| Total liabilities and capital accounts | $92,259,991† | $91,453,694 | $87,828,719 |

*Excludes banks in Guam and the Philippines on account of the war. †Amounts as of June 30, 1942, are not comparable with amounts reported for prior dates because of the exclusion on that date of $643,728,000 of reciprocal interbank demand balances with banks in the United States, reported by commercial banks. Such balances were previous reported gross.

# Life Ins. In Force At Highest Level On Record Totals $130 Billions And Covers 67 Million

Reaching the highest level on record, life insurance in force in all United States legal reserve companies at the end of 1942 will approximate $130,000,000,000, a 4% increase during the year, and will cover about 67,000,000 policyholders—half the population, it was announced on Dec. 3 by Vincent P. Whitsitt, Manager and General Counsel of The Association of Life Insurance Presidents, at a business meeting of the Association in New York City. The Association's annual two-day convention, at which the year's figures were to have been presented, was cancelled in view of wartime transportation needs. The announcement contrasted the 1942 total with the $27,000.000,000 in force at the end of 1917 when the nation was deep in the first World War. Then the lives of about 25,000,000 persons were insured, for an average of $1,080 per policyholder. Now the average per policyholder is $1,940. Funds flowing from the companies to policyholders, beneficiaries and annuitants averaged $2,600,000,000 in annual volume over the last 10 years, Mr. Whittsitt stated, and for the year 1942 wil approximate $2,400,000,000. This, it is indicated, will include $1,000,000,000 paid as death benefits to beneficiaries of deceased policyholders, and $1,400,000,000 paid to living contract holders in the form of matured endowments, annuities, surrender values, dividends and disability benefits.

The Association's Manager praised the American agency system, stating that trained and experienced fieldmen are rendering personal and individualized services which have brought the benefits of life insurance into the vast majority of American homes. Americans, he said, have achieved a total life insurance coverage surpassing that of all other peoples of the world combined. For 1942, he reported, the amount of life insurance—not including revivals, increases and dividend additions — purchased from all United States legal reserve life insurance companies is estimated at $12,100,000,000. This is 7% less than the 1941 total—$12,980,000,000—which was the highest annual amount since 1931, and approximates the average annual volume for the last 10 years. In addition to their regular activities, Mr. Whitsitt added, life insurance fieldmen have voluntarily undertaken an extensive campaign to promote the sale of War Bonds and, up to Nov. 1, 1942, had been responsible for total sales and pledges of $2,035,000,000.

While life insurance, in America, has reached its highest development in promoting human welfare, a more realistic appreciation of its value in American life has come from the world crisis and the war emergency, Mr. Whitsitt said. He continued:

"This is not alone because we recognize that victory depends upon the strength and quality of our economic and moral resources and that life insurance helps our people to develop and conserve these resources. It is also because we know that the survival of democracy among any people requires their independence—economically and spiritually. The unhappy experiences of other peoples, who have been trampled under the heels of dictators, have demonstrated how effectively the prevalence of economic dependency on the State, and the weakening of the family as a moral influence, can be utilized by unscrupulous leaders to undermine popular resistance to the usurpation of individual rights. To the extent that life insurance has helped to combat these dangers in America, and to foster a spirit of self-respect and independence, it has contributed toward the preservation and reinforcement, in our land, of those principles of freedom and justice which are basic not only to American life but to the whole of our civilization."

In presenting the report, Mr. Whitsitt announced that the Association's annual survey of life insurance investments will be issued in the near future.

# Two Labor Officials Placed In WPB Posts

The appointment of two labor experts to important posts on the War Production Board was announced on Nov. 24 by Chairman Donald M. Nelson. Harold J. Ruttenberg, research director of the United Steel Workers (CIO), was named as special assistant to H. G. Batcheller, Director of the Steel Division, and Matthew J. Burns, former President of the International Union of Paper Makers (AFL) and more recently on the staff of the WPB Labor Production Division, has been designated as special assistant to A. G. Wakeman, Director of the Pulp and Paper Division.

The appointments, it was stated, were made "in accordance with the program for more effective cooperation between labor and WPB which has been developed by WPB Vice Chairman Ferdinand Eberstadt and Ernest Kanzler, Director General for Operations, with Wendell Lund, Director of the Labor Production Division."

# Daily Average Crude Oil Production For Week Ended Nov. 28, 1942, Declined 34,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Nov. 28, 1942, was 3,878,000 barrels, a decline of 34,400 barrels from the preceding week, and 208,600 barrels per day less than during the corresponding period last year. The current figure was also 153,400 barrels below the daily average figure for the month of November, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Nov. 28, 1942, averaged 3,877,150 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.9% of the 4,800,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,736,000 barrels of crude oil daily during the week ended Nov. 28, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 78,854,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,269,000 barrels during the week ended Nov. 28, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| | *O.P.C. Recommendations November | *State Allowables Beginning Nov. 1 | —Actual Production— Week Ended Nov. 28 1942 | Change From Previous Week | 4 Weeks Ended Nov. 28 1942 | Week Ended Nov. 29 1941 |
|---|---|---|---|---|---|---|
| Oklahoma | 407,500 | 407,500 | †365,700 | + 2,400 | 363,800 | 425,100 |
| Kansas | 300,700 | 300,700 | †299,100 | —12,450 | 296,250 | 249,200 |
| Nebraska | 3,400 | ------ | †2,950 | — 300 | 3,150 | 5,800 |
| Panhandle Texas | | | 89,800 | ------ | 89,800 | 85,100 |
| North Texas | | | 137,600 | ------ | 137,600 | 138,000 |
| West Texas | | | 212,750 | + 250 | 212,200 | 286,500 |
| East Central Texas | | | 95,800 | + 200 | 95,200 | 86,100 |
| East Texas | | | 354,800 | ------ | 354,800 | 369,500 |
| Southwest Texas | | | 176,550 | + 3,300 | 173,300 | 216,250 |
| Coastal Texas | | | 313,400 | + 500 | 312,800 | 291,200 |
| Total Texas | 1,381,000 | ‡1,447,368 | 1,380,700 | + 4,250 | 1,375,700 | 1,472,650 |
| North Louisiana | | | 96,550 | — 150 | 96,150 | 81,600 |
| Coastal Louisiana | | | 228,700 | ------ | 228,200 | 266,850 |
| Total Louisiana | 333,800 | 345,800 | 325,250 | — 150 | 324,350 | 348,450 |
| Arkansas | 77,200 | 73,461 | 73,600 | — 400 | 73,950 | 74,050 |
| Mississippi | 50,000 | | †60,950 | — 3,550 | 64,600 | 74,450 |
| Illinois | 280,900 | | 255,650 | — 8,450 | 256,350 | 400,300 |
| Indiana | 18,400 | | †16,200 | — 650 | 16,600 | 18,400 |
| Eastern (not incl. Ill. & Ind.) | 105,200 | | 90,350 | — 3,800 | 91,950 | 96,250 |
| Michigan | 64,500 | | 58,400 | — 2,650 | 61,900 | 56,950 |
| Wyoming | 94,400 | | 90,700 | — 1,750 | 90,800 | 82,050 |
| Montana | 24,800 | | 22,550 | — 100 | 22,200 | 21,400 |
| Colorado | 7,000 | | 7,000 | + 800 | 6,500 | 5,350 |
| New Mexico | 100,600 | 100,600 | 95,800 | ------ | 97,900 | 117,800 |
| Total East of Calif. | 3,249,400 | | 3,144,900 | —26,800 | 3,146,000 | 3,448,200 |
| California | 782,000 | §782,000 | 733,100 | — 7,600 | 731,150 | 638,400 |
| Total United States | 4,031,400 | | 3,878,000 | —34,400 | 3,877,150 | 4,086,600 |

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in August, 1942, as follows: Oklahoma, 29,000; Kansas, 4,500; Texas, 102,400; Louisiana, 19,700; Arkansas, 2,800; Illinois, 8,800; Eastern (not including Illinois and Indiana), 8,400; Michigan, 200; Wyoming, 2,400; Montana, 200; New Mexico, 6,200; California, 42,100.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Nov. 25.

‡This is the net basic allowable as of Nov. 1, calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down, as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED NOV. 28, 1942
(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

| District— | Daily Refining Capacity Potential Rate | Daily Refining Capacity % Reporting | Crude Runs to Stills Daily Average | Crude Runs to Stills % Operated | Gasoline Production at Refineries Includ. Natural Blended | Stocks Finished and Unfinished Gasoline | ‡Stocks of Gas Oil and Distillate Fuels | ‡Stocks of Residual Fuel Oil |
|---|---|---|---|---|---|---|---|---|
| *Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas | 2,440 | 88.2 | 1,639 | 67.2 | 4,808 | 37,785 | 27,224 | 17,271 |
| Appalachian | 176 | 84.8 | 162 | 92.0 | 498 | 2,549 | 761 | 387 |
| Ind., Ill., Ky. | 804 | 84.9 | 747 | 92.9 | 2,546 | 13,467 | 6,330 | 2,449 |
| Okla., Kansas, Mo. | 416 | 80.1 | 372 | 89.4 | 1,281 | 5,996 | 2,043 | 1,438 |
| Rocky Mountain | 147 | 48.0 | 89 | 60.5 | 337 | 1,481 | 423 | 600 |
| California | 817 | 89.9 | 727 | 89.0 | 1,799 | 17,576 | 12,958 | 55,651 |
| Tot. U. S. B. of M. basis, Nov. 28, 1942 | 4,800 | 85.9 | 3,736 | 77.8 | 11,269 | †78,854 | 49,739 | 77,796 |
| Tot. U. S. B. of M. basis, Nov. 28, 1942 | 4,800 | 85.9 | 3,722 | 77.5 | 11,431 | 78,586 | 49,541 | §77,012 |
| U. S. Bur. of Mines basis, Nov. 29, 1941 | | | 4,145 | | 14,329 | 86,889 | 55,251 | 94,817 |

*At the request of the Office of Petroleum Coordinator. Finished 69,842,000 bbls.; unfinished 9,012,000 bbls. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Revised downward by 767,000 bbls. in combined area due to the exclusion beginning with Nov. 21 of government-owned supplies previously included without explanation for the period from Oct. 3 to Nov. 21, but which in no wise enter or affect the domestic inventory position.

# Wholesale Commodity Prices Again Stable In Nov. 28 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Dec. 3 that prices for certain farm commodities and their products, particularly grains, cereal products, and fruits and vegetables continued to rise during the last week of November. However, markets for other commodities have become fairly well stabilized under Government regulation and the Bureau's comprehensive index of nearly 900 price series has remained unchanged for three consecutive weeks at 100.1% of the 1926 average.

The Bureau's announcement further states:

**"Farm Products and Foods:** A decline of nearly 3% in hog prices and lower quotations for steers, cotton and peanuts brought the level for farm products down 0.1% during the week. All grains and most fruits and vegetables advanced sharply, however. Corn, oats, and rye rose more than 2%; wheat, about 1.5%, and barley, 0.5%. Higher prices were also reported for apples, lemons, onions, sweet potatoes, and for sheep.

"Average prices for foods in primary markets rose 0.3% during the week to the highest level since the autumn of 1928. In addition to an increase of nearly 2% for fruits and vegetables, higher prices were also reported for wheat flour, oatmeal, corn meal and cottonseed oil. Prices were lower for dressed poultry in the Chicago market, for rye flour and for oranges.

"Notwithstanding the decline in farm product prices during the last week of November, they are 1.6% higher than for the corresponding week of October, while food prices are up 0.6% over the level of a month ago.

"An increase of approximately 2.5% in prices for cottonseed meal caused the index of cattle feed prices to rise 0.3%.

**"Industrial Commodities:** Except for lower quotations for rosin, neutral oil, and maple flooring, markets for industrial commodities continued steady."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for Oct. 31, 1942 and Nov. 29, 1941:

(1926=100)

| Commodity groups | 11-28 1942 | 11-21 1942 | 11-14 1942 | 10-31 1942 | 11-29 1941 | Percentage changes to Nov. 28, 1942 from— 11-21 1942 | 10-31 1942 | 11-29 1941 |
|---|---|---|---|---|---|---|---|---|
| All commodities | *100.1 | *100.1 | *100.1 | *99.7 | 92.3 | 0 | +0.4 | + 8.5 |
| Farm products | 110.8 | 110.9 | 110.7 | 109.1 | 91.1 | —0.1 | +1.6 | +21.6 |
| Foods | 103.6 | 103.3 | 103.0 | 103.0 | 89.2 | +0.3 | +0.6 | +16.1 |
| Hides and leather products | 118.4 | 118.4 | 118.4 | 118.4 | 115.4 | 0 | 0 | + 2.6 |
| Textile products | 96.6 | 96.6 | 96.6 | 96.6 | 90.6 | 0 | 0 | + 6.6 |
| Fuel and lighting materials | 79.7 | 79.7 | 79.7 | 79.6 | 79.4 | 0 | +0.1 | + 0.4 |
| Metals and metal products | *103.9 | *103.9 | *103.9 | *103.9 | 103.3 | 0 | 0 | + 0.6 |
| Building materials | 110.2 | 110.2 | 110.2 | 110.2 | 107.4 | 0 | 0 | + 2.6 |
| Chemicals and allied products | 99.5 | 99.5 | 99.5 | 96.1 | 89.7 | 0 | +3.5 | +10.9 |
| Housefurnishing goods | 104.1 | 104.1 | 104.1 | 104.1 | 101.9 | 0 | 0 | + 2.2 |
| Miscellaneous commodities | 89.9 | 89.9 | 90.0 | 88.5 | 87.1 | 0 | +1.6 | + 3.2 |
| Raw materials | 103.8 | 103.8 | 103.7 | 102.7 | 90.2 | 0 | +1.1 | +15.1 |
| Semimanufactured articles | 92.5 | 92.5 | 92.5 | 92.5 | 89.6 | 0 | 0 | + 3.2 |
| Manufactured products | *99.7 | *99.7 | *99.7 | *99.5 | 93.9 | 0 | +0.2 | + 6.2 |
| All commodities other than farm products | *97.8 | *97.8 | *97.8 | *97.7 | 92.6 | 0 | +0.1 | + 5.6 |
| All commodities other than farm products and foods | *96.1 | *96.1 | *96.1 | *95.7 | 93.7 | 0 | +0.4 | + 2.6 |

*Preliminary.

# Non-Ferrous Metals—Zinc Conservation Order Further Restricts Non-Essential Uses

***Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.***

"E. & M. J. Metal and Mineral Markets," in its issue of Dec. 3, stated: "The trend in consumption of critical non-ferrous metals in what the War Production Board regards as non-essential uses in a war economy continues downward. During the last week the conservation order for zinc was revised 'to make more of the metal available for ammunition.' Wire mills are having no easy time getting copper. Makers of refrigerators were given no encouragement whatever in reply to a question as to whether larger tonnages of copper would be allocated for use in the industry during 1943. Price ceilings on fluorspar ore and 40% manganese ore were eliminated last week by OPA to encourage production." The publication further went on to say in part:

### Copper

Wire mills were held down to a minimum in obtaining December copper, indicating that the brass mills again received prior consideration because of enlarged war needs. Refrigerator makers met in New York during the last week and questioned WPB officials about the outlook for copper for next year so far as their industry is concerned. They were informed that new types of ammunition would take most of the available supply of the metal and this would probably prevent the industry from obtaining larger quantities of copper in 1943.

The price situation has not changed. Domestic copper is selling on the basis of 12¢, Valley, and foreign copper is coming into the country on the basis of 11.75¢, f.a.s. United States ports.

### Lead

The regular monthly meeting on allocation of foreign lead was held in Washington on Dec. 1. Virtually all of the lead that will be imported during December will be turned over to consumers, the trade believes, so that by the end of the year the supply in the hands of Metals Reserve Co. will remain just about at the same level as a month previous. Though the Government's stocks are known to be large, WPB is not inclined at present to release lead from the stockpile. Imports from Mexico during December will be smaller than in recent months, owing to temporary transportation difficulties.

Demand for lead continues fairly active and sales are expected to pick up appreciably as soon as buyers and sellers get together on January business. Sales of common lead for the last week exceed those in the week previous. Quotations continued at 6.50¢, New York, and 6.35¢, St. Louis.

### Zinc

In amending Conservation Order M-11-b on Nov. 26, WPB further restricted the use of zinc in non-essential civilian applications and eased the regulations in a few instances. The net result will be larger supplies of zinc available for ammunition and other war products. The revised order clarifies the language of the original document on the status of protective coatings and galvanizing. Paint, however, is not classified in the order as a protective coating.

So far as producers of zinc are concerned, the revised order will not influence operations one way or the other. Zinc has been under full allocation for some time, and any metal not distributed monthly to the consuming trades moves promptly into the Government's emergency stockpile. Lend-lease demands for zinc have increased this year, making it impossible for producers to properly appraise the demand-supply factor.

The price continued last week on the basis of 8.25¢ a pound for Prime Western, St. Louis. The average price for November was 8.25¢ for the 13th consecutive month.

### Manganese Ore

Metallurgical manganese ore with a Mn content of 40% or less has been exempted from price control by OPA. This action raises the limit on exempt manganese ore from 35% to 40%. Ore of the grade named is being used in the production of ferromanganese when blended with ore containing a higher percentage of Mn. The effective date of the amendment is Dec. 1, 1942.

### Fluorspar Ores

To facilitate expansion in production, OPA on Nov. 29 freed fluorspar ores from price control. Effective Nov. 23, ceiling prices, previously fixed at the highest level charged during the month of March, 1942, were removed in Amendment 42 to Supplementary Regulation 1 to the General Maximum Price Regulation.

### Tin

The tin conservation order has been amended to limit the use of the metal in coating for foundry chaplets to 5% or less. At the same time, manufacture and use of tin oxide has been forbidden. Satisfactory substitutes for tin oxide are available, WPB reports.

The price situation in tin was unchanged last week. Straits quality tin for forward shipment was nominally as follows:

| | Dec. | Jan. | Feb. |
|---|---|---|---|
| Nov. 26 | | Holiday | |
| Nov. 27 | 52.000 | 52.000 | 52.000 |
| Nov. 28 | 52.000 | 52.000 | 52.000 |
| Nov. 30 | 52.000 | 52.000 | 52.000 |
| Dec. 1 | 52.000 | 52.000 | 52.000 |
| Dec. 2 | 52.000 | 52.000 | 52.000 |

Chinese tin, 99% grade, spot or nearby delivery, 51.125c all week.

### Quicksilver

Though the market appears to be inactive, sellers report a fair volume of business almost daily. With nearby production of quicksilver well sold up, the undertone remains firm. Producers are not willing sellers of forward metal at a discount, believing that war needs will remain high for some time to come. Quotations in New York continued at $196 @ $198 per flask.

### Silver

Makers of gold plate and gold-filled stock may adjust their prices upward to the extent that their costs have been increased by the use of newly mined domestic silver, OPA ruled last week. Imported silver, it is stated by OPA, has been channeled into war goods and makers of the items named have substituted domestic silver.

The silver market in London was unchanged last week at 23½d. The New York Official remained at 44¾¢, and the Treasury's price held at 35¢.

### Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

# Renamed Members Of ICC

President Roosevelt sent to the Senate on Nov. 16 nominations reappointing Clyde B. Aitchison and Claude R. Porter as members of the Interstate Commerce Commission. Mr. Aitchison has been serving as Acting Chairman of the ICC since January, 1942, when Joseph B. Eastman took a leave of absence to become Director of the Office of Defense Transportation.

# Trading On New York Exchanges

The Securities and Exchange Commission made public on Dec. 4, figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 21, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 21 (in round-lot transactions) totaled 1,048,380 shares, which amount was 15.42% of total transactions on the Exchange of 3,399,250 shares. This compares with member trading during the previous week ended Nov. 14 of 1,200,548 shares, or 15.34% of total trading of 3,914,350 shares. On the New York Curb Exchange, member trading during the week ended Nov. 21 amounted to 166,540 shares, or 14.26% of the total volume of that Exchange of 584,090 shares; during the preceding week trading for the account of Curb members of 194,165 shares was 17.02% of total trading of 570,350 shares.

The Commission made available the following data for the week ended Nov. 21:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

| | N. Y. Stock Exchange | N. Y. Curb Exchange |
|---|---|---|
| Total number of reports received | 958 | 657 |
| 1. Reports showing transactions as specialists | 171 | 92 |
| 2. Reports showing other transactions initiated on the floor | 157 | 29 |
| 3. Reports showing other transactions initiated off the floor | 194 | 75 |
| 4. Reports showing no transactions | 526 | 529 |

**Note**—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

**Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)**

WEEK ENDED NOV. 21, 1942

| | Total for Week | †Per Cent |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 62,180 | |
| ‡Other sales | 3,337,070 | |
| Total sales | 3,399,250 | |
| B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 258,620 | |
| Short sales | 36,310 | |
| ‡Other sales | 217,880 | |
| Total sales | 254,190 | 7.54 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 178,200 | |
| Short sales | 10,000 | |
| ‡Other sales | 152,140 | |
| Total sales | 162,140 | 5.01 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 97,560 | |
| Short sales | 4,500 | |
| ‡Other sales | 93,170 | |
| Total sales | 97,670 | 2.87 |
| 4. Total— | | |
| Total purchases | 534,380 | |
| Short sales | 50,810 | |
| ‡Other sales | 463,190 | |
| Total sales | 514,000 | 15.42 |

**Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)**

WEEK ENDED NOV. 21, 1942

| | Total for Week | †Per Cent |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 3,070 | |
| ‡Other sales | 581,020 | |
| Total sales | 584,090 | |
| B. Round-Lot Transactions for the Account of Members: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 45,840 | |
| Short sales | 2,220 | |
| ‡Other sales | 54,330 | |
| Total sales | 56,550 | 8.76 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 12,025 | |
| Short sales | 300 | |
| ‡Other sales | 11,000 | |
| Total sales | 11,300 | 2.00 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 28,460 | |
| Short sales | 0 | |
| ‡Other sales | 12,365 | |
| Total sales | 12,365 | 3.50 |
| 4. Total— | | |
| Total purchases | 86,325 | |
| Short sales | 2,520 | |
| ‡Other sales | 77,695 | |
| Total sales | 80,215 | 14.26 |
| C. Odd-Lot Transactions for the Account of Specialists— | | |
| Customers' short sales | 0 | |
| §Customers' other sales | 34,457 | |
| Total purchases | 34,457 | |
| Total sales | 18,288 | |

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

# Automobile Financing And Diversified Financing For Month Of October

The number of new passenger cars financed by sales finance companies decreased 42% in October, 1942, compared with September of this year, according to an announcement released on Nov. 30 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in new passenger car financing was also off 42%. In used passenger car financing, the number of cars decreased 22%, while the dollar volume of paper acquired decreased only 20%. Compared with the preceding month, the number of new commercial cars financed was 24% less in October and the dollar volume of paper acquired, 17%. The number of used commercial cars financed decreased 24%, while the dollar volume of paper acquired was off only 19%.

The volume of retail automotive outstandings held by sales finance companies was 13% less as of Oct. 31, than as of Sept. 30, 1942, bringing the index down to 51. The index which stood at 164 at the end of October, 1941, indicates the continuing steady reduction of outstanding balances.

Wholesale automotive paper acquired during October, 1942, by sales finance companies declined 14% in volume from September of this year for new passenger and new commercial cars, but increased 5% for used passenger and used commercial cars. The volume of outstanding balances for this type of paper decreased 9% from Sept. 30, 1942, to Oct. 31, 1942.

A comparison of the retail diversified financing by sales finance companies during October, 1942, with their respective volumes recorded in September of this year showed an increase of 49% for industrial, commercial, and farm equipment; 20% for refrigerators; 17% for radios and other musical instruments; 10% for furniture; and 9% for residential building repair and modernization. The financing of other household appliances, however, fell off 21%. In October the volume of wholesale diversified paper acquired was 8% above that reported for September.

As of Oct. 31, 1942, compared with Sept. 30, 1942, the volume of diversified outstanding balances held by sales finance companies decreased 7% for the retail financing of other consumers' goods; 11% for industrial, commercial, and farm equipment; and 13% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during October, 1942, to the outstanding balances as of Oct. 31, 1942, were 4% for retail automotive; 5% for wholesale automotive; 16% for wholesale—other than automotive; 4% for retail—other consumers' goods; and 4% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during October, 1942, were based on reports from 268 sales finance companies, and the dollar volumes should not be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below are not comparable to those published for previous months since monthly reports have not been received each month from identical sales finance companies. All indexes for October were obtained by calculating the percent changes from September to October, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for September, 1942.

**Sales—Finance Companies**

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During October, 1942, and Balance Outstanding October 31, 1942

| | Dollar volume of paper acquired during October, 1942 | | | |
|---|---|---|---|---|
| Class of Paper— | By all companies | By all companies reporting outstanding balances† | Outstanding balances Oct. 31, 1942† | Ratio of paper acquired to outstand'g balances‡ |
| Total retail automotive | $16,727,109 | $16,353,869 | $427,592,052 | 4 |
| Total wholesale automotive | 9,940,744 | 9,870,262 | 201,518,935 | 5 |
| Total wholesale—other than automotive | 586,785 | 535,448 | 3,266,606 | 16 |
| Total retail—other consum. goods | 7,570,729 | 7,364,068 | 174,684,018 | 4 |
| Industrial, commercial and farm equipment | 533,221 | 517,190 | 13,010,910 | 4 |
| Total sales financings | $35,358,588 | $34,640,837 | $820,072,521 | 4 |

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During October, 1942

| | Number of cars | | Paper acquired | |
|---|---|---|---|---|
| Class of Paper— | Number | % of total | Dollar Volume | % of total |
| Total retail automotive | 37,944 | 100 | $16,002,289† | 100 |
| New passenger cars | 2,729 | 7 | 2,253,513 | 14 |
| New commercial cars | 181 | 1 | 223,320 | 2 |
| Used passenger cars | 33,683 | 89 | 12,848,856 | 80 |
| Used commercial cars | 1,351 | 3 | 676,600 | 4 |
| Total wholesale automotive | ---- | -- | $9,361,949† | 100 |
| New cars (passenger and commercial) | ---- | -- | 5,633,190 | 60 |
| Used cars (passenger and commercial) | ---- | -- | 3,728,759 | 40 |

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in above table due to the exclusion of some data for which breakdowns were not available.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During October, 1942

| Class of Paper | Dollar Volume | % of total |
|---|---|---|
| Retail—other consumers' goods: | | |
| Furniture | $405,841 | 8 |
| Radios, pianos & other musical instruments | 79,358 | 2 |
| Refrigerators (gas and electric) | 194,747 | 4 |
| Other household appliances | 104,370 | 2 |
| Residential building repair and modernization | 2,326,462 | 47 |
| Miscellaneous retail | 690,844 | 14 |
| Total retail—other consumers' goods | $3,801,622† | 77 |
| Total wholesale—other than automotive | 586,785 | 12 |
| Industrial, commercial, and farm equipment | 533,221 | 11 |
| Total diversified financing | $4,921,628 | 100 |

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in first table due to the exclusion of some data for which breakdowns were not available.

# NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 4 a summary for the week ended Nov. 28, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

**STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE**

Week Ended Nov. 28, 1942

| | Total for Week |
|---|---|
| Odd-lot Sales by Dealers: (Customers' Purchases) | |
| Number of Orders | 10,733 |
| Number of Shares | 300,824 |
| Dollar Value | 10,505,908 |
| Odd-lot Purchases by Dealers— (Customers' Sales) | |
| Number of Orders: | |
| Customers' short sales | 102 |
| *Customers' other sales | 12,176 |
| Customers' total sales | 12,278 |
| Number of Shares: | |
| Customers' short sales | 2,790 |
| *Customers' other sales | 327,942 |
| Customers' total sales | 330,732 |
| Dollar Value | 8,966,748 |
| Round-lot Sales by Dealers— | |
| Number of Shares: | |
| Short sales | 170 |
| †Other sales | 112,760 |
| Total sales | 112,930 |
| Round-lot Purchases by Dealers— | |
| Number of Shares | 75,600 |

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

# Lumber Movement—Week Ended Nov. 28, 1942

According to the National Lumber Manufacturers Association, lumber shipments of 437 mills reporting to the "National Lumber Trade Barometer" exceed production by 12.7% for the holiday week ended Nov. 28, 1942. In the same week new orders of these mills were 17.2% greater than production. Unfilled order files in the reporting mills amounted to 73% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 51 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 11%; orders by 17%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 18% greater; shipments were 30% greater, and orders were 26% greater.

[Pending a revision in lumber statistics, the National Lumber Manufacturers Association has discontinued publication of the weekly figures on national lumber production, shipments and other data of the industry, which were previously given each week in our columns.—Ed.]

# To Leave State Ins. Post

Edward McLoughlin, New York State Deputy Superintendent of Insurance, will resign from the Department at the end of his term in order to become General Counsel for the North British and Mercantile Insurance Co., of which Cecil F. Shallcross is United States Manager. Announcement of Mr. McLoughlin's resignation was made on Dec. 8 by State Superintendent Louis H. Pink. Mr. McLoughlin is the Deputy in charge of the New York office and has been with the Department for 12 years. During that time he has served in various capacities under three Superintendents.

Mr. Pink referred to Mr. McLoughlin's resignation as a "real loss" to the Department.

# Revenue Freight Car Loadings During Week Ended Nov. 28, 1942, Totaled 743,533 Cars

Loading of revenue freight for the week ended Nov. 28, which includes holiday, totaled 743,533 cars, the Association of American Railroads announced on Dec. 3. This was a decrease below the corresponding week of 1941, of 122,647 cars, or 14.2%, but an increase above the same week in 1940, of 15,008 cars, or 2.1%. Both 1941 and 1940 do not include holiday.

Loading of revenue freight for the week of Nov. 28 decreased 92,894 cars, or 11.1% below the preceding week.

Miscellaneous freight loading totaled 357,293 cars, a decrease of 39,696 cars below the preceding week, and a decrease of 31,312 cars below the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 81,807 cars, a decrease of 9,734 cars below the preceding week, and a decrease of 70,696 cars below the corresponding week in 1941.

Coal loading amounted to 153,563 cars, a decrease of 13,841 cars below the preceding week, and a decrease of 10,747 cars below the corresponding week in 1941.

Grain and grain products loading totaled 39,078 cars, a decrease of 6,612 cars below the preceding week, and a decrease of 1,824 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Nov. 28 totaled 26,213 cars, a decrease of 4,488 cars below the preceding week, but an increase of 991 cars above the corresponding week in 1941.

Live stock loading amounted to 17,133 cars, a decrease of 2,574 cars below the preceding week, but an increase of 2,486 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Nov. 28 totaled 13,445 cars, a decrease of 2,125 cars below the preceding week, but an increase of 2,529 cars above the corresponding week in 1941.

Forest products loading totaled 36,421 cars, a decrease of 5,812 cars below the preceding week, and a decrease of 8,026 cars below the corresponding week in 1941.

Ore loading amounted to 44,453 cars, a decrease of 13,923 cars below the preceding week, and a decrease of 2,943 cars below the corresponding week in 1941.

Coke loading amounted to 13,785 cars, a decrease of 702 cars below the preceding week, but an increase of 415 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern, but all districts reported increases above the corresponding week in 1940, except the Eastern.

| | 1942 | 1941 | 1940 |
|---|---|---|---|
| Five weeks of January | 3,858,273 | 3,454,409 | 3,215,565 |
| Four weeks of February | 3,122,773 | 2,866,565 | 2,465,685 |
| Four weeks of March | 3,171,439 | 3,066,011 | 2,489,280 |
| Four weeks of April | 3,351,038 | 2,793,630 | 2,495,212 |
| Five weeks of May | 4,170,713 | 4,160,060 | 3,351,840 |
| Four weeks of June | 3,385,769 | 3,510,057 | 2,896,953 |
| Four weeks of July | 3,321,568 | 3,413,435 | 2,822,450 |
| Five weeks of August | 4,350,948 | 4,463,372 | 3,717,933 |
| Four weeks of September | 3,503,658 | 3,540,210 | 3,135,122 |
| Five weeks of October | 4,512,046 | 4,553,007 | 4,064 273 |
| Week of Nov. 7 | 829,490 | 873,582 | 778,318 |
| Week of Nov. 14 | 826,601 | 883,890 | 745,295 |
| Week of Nov. 21 | 836,427 | 799,386 | 733,488 |
| Week of Nov. 28 | 743,533 | 866,180 | 728,525 |
| Total | 39,984,276 | 39,243,794 | 33,639,939 |

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 28, 1942. During this period only 26 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS—WEEK ENDED NOV. 28)

| Railroads | Total Revenue Freight Loaded | | | Total Loads Received from Connections | |
|---|---|---|---|---|---|
| | 1942 | 1941 | 1940 | 1942 | 1941 |
| **Eastern District—** | | | | | |
| Ann Arbor | 256 | 624 | 619 | 1,274 | 1,421 |
| Bangor & Aroostock | 1,509 | 1,636 | 1,034 | 154 | 252 |
| Boston & Maine | 4,951 | 8,957 | 7,092 | 13,153 | 12,849 |
| Chicago, Indianapolis & Louisville | 1,225 | 1,839 | 1,508 | 2,034 | 2,416 |
| Central Indiana | 19 | 27 | 7 | 41 | 47 |
| Central Vermont | 829 | 1,471 | 1,254 | 2,225 | 2,407 |
| Delaware & Hudson | 5,937 | 5,340 | 5,160 | 10,614 | 10,433 |
| Delaware, Lackawanna & Western | 6,733 | 9,108 | 8,881 | 9,512 | 8,281 |
| Detroit & Mackinac | 385 | 466 | 492 | 132 | 175 |
| Detroit, Toledo & Ironton | 1,403 | 2,745 | 2,872 | 1,156 | 1,301 |
| Detroit & Toledo Shore Line | 276 | 364 | 442 | 2,895 | 4,294 |
| Erie | 10,551 | 15,271 | 14,035 | 15,716 | 14,486 |
| Grand Trunk Western | 3,792 | 6,006 | 5,956 | 6,958 | 8,817 |
| Lehigh & Hudson River | 189 | 207 | 159 | 2,507 | 2 601 |
| Lehigh & New England | 1,682 | 1,627 | 1,657 | 1,817 | 1,308 |
| Lehigh Valley | 7,264 | 9,519 | 9,433 | 13,191 | 9,777 |
| Maine Central | 1,949 | 3,097 | 2,502 | 2,770 | 3,003 |
| Monongahela | 5,233 | 5,721 | 4,220 | 353 | 377 |
| Montour | 2,217 | 2,406 | 1,665 | 19 | 27 |
| New York Central Lines | 41,303 | 52 726 | 45,621 | 50,210 | 46,124 |
| N. Y., N. H. & Hartford | 7,299 | 13,150 | 9,520 | 16,800 | 15,600 |
| New York, Ontario & Western | 666 | 991 | 1,109 | 2,134 | 2,256 |
| New York, Chicago & St. Louis | 6,272 | 7,157 | 6,129 | 14,315 | 13,278 |
| N. Y., Susquehanna & Western | 449 | 591 | 367 | 1,588 | 1,403 |
| Pittsburgh & Lake Erie | 7,094 | 8,479 | 7,538 | 7,221 | 7,587 |
| Pere Marquette | 5,041 | 7,535 | 6,780 | 6,254 | 6,054 |
| Pittsburg & Shawmut | 618 | 739 | 460 | 14 | 37 |
| Pittsburg, Shawmut & North | 375 | 428 | 488 | 233 | 320 |
| Pittsburgh & West Virginia | 840 | 828 | 653 | 2,472 | 2,475 |
| Rutland | 243 | 510 | 493 | 839 | 1,090 |
| Wabash | 4,775 | 6,165 | 5,434 | 12,694 | 10,764 |
| Wheeling & Lake Erie | 4,304 | 5,267 | 4,215 | 4,527 | 4,265 |
| Total | 135,679 | 181,047 | 157,795 | 205,822 | 195,525 |
| **Allegheny District—** | | | | | |
| Akron, Canton & Youngstown | 703 | 676 | 630 | 1,124 | 1,011 |
| Baltimore & Ohio | 33,984 | 41,310 | 34,173 | 26,650 | 21,245 |
| Bessemer & Lake Erie | 4,747 | 5,123 | 3,631 | 2,187 | 1,667 |
| Buffalo Creek & Gauley | 348 | 295 | 280 | 4 | 5 |
| Cambria & Indiana | 1,821 | 1,937 | 1,845 | 7 | 20 |
| Central R. R. of New Jersey | 6,476 | 7,422 | 6,885 | 19,192 | 15,114 |
| Cornwall | 539 | 656 | 624 | 53 | 68 |
| Cumberland & Pennsylvania | 215 | 296 | 274 | 17 | 26 |
| Ligonier Valley | 140 | 121 | 150 | 47 | 52 |
| Long Island | 988 | 794 | 929 | 3,475 | 2,585 |
| Penn-Reading Seashore Lines | 1,573 | 1,971 | 1,504 | 1,950 | 1,903 |
| Pennsylvania System | 69,947 | 83,885 | 66,499 | 60,300 | 52,181 |
| Reading Co. | 13,274 | 15,081 | 14,450 | 26,072 | 23,443 |
| Union (Pittsburgh) | 20,578 | 20,172 | 19,083 | 6,230 | 5,054 |
| Western Maryland | 3,425 | 4,507 | 3,710 | 11,755 | 9,446 |
| Total | 158,758 | 184,246 | 154,667 | 159,063 | 133,820 |
| **Pocahontas District—** | | | | | |
| Chesapeake & Ohio | 25,783 | 28,799 | 22,298 | 11,507 | 12 432 |
| Norfolk & Western | 19,814 | 24,156 | 21,518 | 6,002 | 5,846 |
| Virginian | 4,454 | 4,633 | 4,457 | 2,073 | 1,922 |
| Total | 50,051 | 57,588 | 48,273 | 19,582 | 20,200 |
| **Southern District—** | | | | | |
| Alabama, Tennessee & Northern | 293 | 387 | 257 | 270 | 290 |
| Atl. & W. P.—W. R. R. of Ala. | 626 | 863 | 745 | 2,600 | 1,969 |
| Atlanta, Birmingham & Coast | 719 | 785 | 709 | 1,553 | 1,218 |
| Atlantic Coast Line | 13,093 | 11,443 | 10,856 | 10,524 | 7,023 |
| Central of Georgia | 3,488 | 4,668 | 4,100 | 4,576 | 3,945 |
| Charleston & Western Carolina | 390 | 438 | 420 | 1,400 | 1,662 |
| Clinchfield | 1,604 | 1,848 | 1,337 | 2,719 | 3,096 |
| Columbus & Greenville | 412 | 240 | 245 | 482 | 381 |
| Durham & Southern | 90 | 183 | 179 | 412 | 480 |
| Florida East Coast | 1,558 | 859 | 821 | 1,581 | 1,008 |
| Gainesville Midland | 36 | 38 | 37 | 97 | 80 |
| Georgia | 1,150 | 1,375 | 1,007 | 2,457 | 2,339 |
| Georgia & Florida | *310 | 426 | 337 | *473 | 804 |
| Gulf, Mobile & Ohio | 4,002 | 4,463 | 3,602 | 4,679 | 3,574 |
| Illinois Central System | 25,848 | 28,962 | 22,263 | 15,528 | 15,781 |
| Louisville & Nashville | 22,703 | 25,673 | 22,715 | 11,035 | 7,924 |
| Macon, Dublin & Savannah | 230 | 215 | 128 | 909 | 653 |
| Mississippi Central | 161 | 207 | 134 | 484 | 526 |
| Nashville, Chattanooga & St. L. | 3,235 | 3,181 | 3,123 | 4,355 | 3,488 |
| Norfolk Southern | 1,088 | 1,135 | 1,068 | 1,691 | 1,426 |
| Piedmont Northern | 314 | 521 | 461 | 1,211 | 1,472 |
| Richmond, Fred. & Potomac | 407 | 498 | 422 | 9,998 | 6,702 |
| Seaboard Air Line | 10,024 | 10,758 | 10,300 | 9,408 | 6,221 |
| Southern System | 20,918 | 24,095 | 22,032 | 22,653 | 20,107 |
| Tennessee Central | 362 | 513 | 499 | 910 | 765 |
| Winston-Salem Southbound | 100 | 166 | 118 | 864 | 1,006 |
| Total | 113,251 | 123,940 | 107,915 | 112,869 | 93,940 |
| **Northwestern District—** | | | | | |
| Chicago & North Western | 14,952 | 18,654 | 15,894 | 13,321 | 13,000 |
| Chicago Great Western | 2,021 | 2,609 | 2,572 | 3,129 | 3,405 |
| Chicago, Milw., St. P. & Pac. | 16,892 | 23,496 | 21,341 | 9,119 | 9,247 |
| Chicago, St. Paul, Minn. & Omaha | 3,020 | 4,675 | 4,519 | 3,451 | 4,215 |
| Duluth, Missabe & Iron Range | 16,209 | 19,353 | 1,792 | 222 | 279 |
| Duluth, South Shore & Atlantic | 555 | 677 | 594 | 618 | 551 |
| Elgin, Joliet & Eastern | 8,442 | 10,579 | 9,046 | 10,378 | 9,199 |
| Ft. Dodge, Des Moines & South | 359 | 479 | 417 | 87 | 121 |
| Great Northern | 13,847 | 19,217 | 12,539 | 5,029 | 4,044 |
| Green Bay & Western | 429 | 633 | 538 | 621 | 744 |
| Lake Superior & Ishpeming | 1,707 | 2,658 | 580 | 32 | 67 |
| Minneapolis & St. Louis | 1,861 | 1,947 | 1,731 | 2,046 | 2,197 |
| Minn., St. Paul & S. S. M. | 4,622 | 6,134 | 5,309 | 2,718 | 2,878 |
| Northern Pacific | 10,466 | 12,643 | 11,844 | 4,972 | 4,253 |
| Spokane International | 158 | 122 | 126 | 583 | 344 |
| Spokane, Portland & Seattle | 1,380 | 2,740 | 2,232 | 2,801 | 2,305 |
| Total | 96,920 | 126,616 | 91,074 | 59,127 | 56,849 |
| **Central Western District—** | | | | | |
| Atch., Top. & Santa Fe System | 20,649 | 22,435 | 17,416 | 12,408 | 8,020 |
| Alton | 3,009 | 3,612 | 3,235 | 4,618 | 2,935 |
| Bingham & Garfield | 506 | 639 | 471 | 100 | 100 |
| Chicago, Burlington & Quincy | 18,145 | 19,001 | 17,789 | 11,351 | 10,420 |
| Chicago & Illinois Midland | 2,513 | 2,611 | 2,762 | 686 | 946 |
| Chicago, Rock Island & Pacific | 10,929 | 12,351 | 10,696 | 11,773 | 11,175 |
| Chicago & Eastern Illinois | 2,131 | 3,092 | 2,826 | 4,001 | 3,398 |
| Colorado & Southern | 1,404 | 1,330 | 1,504 | 1,947 | 1,577 |
| Denver & Rio Grande Western | *4,551 | 4,378 | 4,220 | *5,219 | 3,975 |
| Denver & Salt Lake | 683 | 908 | 916 | 7 | 19 |
| Fort Worth & Denver City | 1,128 | 1,572 | 1,334 | 1,234 | 1,200 |
| Illinois Terminal | 1,662 | 2,015 | 1,734 | 1,400 | 1,858 |
| Missouri-Illinois | 1,082 | 1,094 | 915 | 492 | 455 |
| Nevada Northern | 2,252 | 2,020 | 1,787 | 120 | 141 |
| North Western Pacific | 818 | 1,152 | 853 | 567 | 511 |
| Peoria & Pekin Union | 4 | 27 | 20 | 0 | 0 |
| Southern Pacific (Pacific) | 25,143 | 30,543 | 27,556 | 12,205 | 7,718 |
| Toledo, Peoria & Western | 342 | 413 | 328 | 1,610 | 1,544 |
| Union Pacific System | 18,034 | 19,226 | 18,350 | 14,932 | 11,324 |
| Utah | 576 | 606 | 611 | 1 | 5 |
| Western Pacific | 2,115 | 2,890 | 2,263 | 2,703 | 2,945 |
| Total | 117,676 | 131,915 | 117,586 | 87,374 | 70,270 |
| **Southwestern District—** | | | | | |
| Burlington-Rock Island | 123 | 128 | 132 | 214 | 228 |
| Gulf Coast Lines | 5,070 | 3,858 | 3,183 | 2,480 | 1,958 |
| International-Great Northern | 3,212 | 1,546 | 1,505 | 3,164 | 2,242 |
| Kansas, Oklahoma & Gulf | 348 | 242 | 172 | 1,121 | 1,057 |
| Kansas City Southern | 4,310 | 2,667 | 2,141 | 2,635 | 2,720 |
| Louisiana & Arkansas | 3,639 | 2,702 | 2,158 | 2,329 | 1,809 |
| Litchfield & Madison | 266 | 424 | 362 | 1,019 | 1,092 |
| Midland Valley | 655 | 633 | 546 | 259 | 270 |
| Missouri & Arkansas | 164 | 162 | 133 | 327 | 383 |
| Missouri-Kansas-Texas Lines | 6,527 | 4,498 | 3,900 | 4,766 | 3,454 |
| Missouri Pacific | 15,538 | 17,074 | 14,108 | 18,722 | 11,527 |
| Quanah Acme & Pacific | 106 | 155 | 105 | 245 | 168 |
| St. Louis-San Francisco | 8,538 | 9,901 | 8,039 | 8,091 | 6,540 |
| St. Louis Southwestern | 3,151 | 3,291 | 2,474 | 4,968 | 3,569 |
| Texas & New Orleans | 13,687 | 7,912 | 7,397 | 4,609 | 4,103 |
| Texas & Pacific | 5,736 | 5,458 | 4,692 | 7,888 | 5,228 |
| Wichita Falls & Southern | 107 | 149 | 153 | 33 | 59 |
| Weatherford M. W. & N. W. | 21 | 28 | 15 | 26 | 40 |
| Total | 71,198 | 60,828 | 51,215 | 62,896 | 46,447 |

*Previous week's figure.

**Note**—Previous year's figures revised.

# Living Costs In Large Cities Advanced 1% Between Sept. 15-Oct. 15, Labor Bureau Reports

The living cost of families of city workers rose 1% between Sept. 15 and Oct. 15, 1942, Secretary of Labor Perkins reported on Nov. 18. Most of the rise, says the announcement, was due to the increase in food costs which occurred during the latter part of September and early October, prior to the action of the Office of Price Administration, which brought an additional 30% of the family food bill under price control as of Oct. 5. There were further increases during the month in prices of some foods controlled by OPA, and in bituminous coal prices, for which the OPA had authorized an increase on Oct. 1 to meet increased mine prices. Charges for medical and personal services also advanced quite generally, the Department's advices state, and it is added:

"Since mid-May, food costs have moved up by 6.6% and costs of all other goods and services by 0.2%. Costs of all goods and services under the control of the Office of Price Administration were 0.6% above the May 15 level, just before general retail price controls were established. Commodities and services not subject to control, largely foods and professional services, however, had risen 6.4% since May 15. The following table shows principal changes in the cost of living from mid-September and from mid-May to Oct. 15:

| | — Percentage Change — Sept. 15, '42 to Oct. 15, '42 | May 15, '42 to Oct. 15, '42 |
|---|---|---|
| All Items | +1.0 | + 2.6 |
| Controlled by OPA | +0.9 | + 0.6 |
| Control'd by other Govt. agencies | +0.1 | -- |
| Uncontrolled | +1.6 | + 6.4 |
| Food | +2.4 | + 6.6 |
| Controlled by OPA prior to Sept. 15 | +0.2 | + 0.4 |
| Placed under OPA contr'l on Oct. 5 | +5.6 | +16.8 |
| Uncontrol. by OPA | +5.9 | +16.7 |
| Clothing | +0.1 | — 0.2 |
| Rent | -- | — 1.7 |
| Fuel, elec. & ice | -- | + 1.2 |
| Housefurnishings | -- | + 1.1 |
| Miscellaneous | +0.3 | + 0.7 |

"The rise in living costs between Sept. 15 and Oct. 15 brought the Bureau of Labor Statistics' index for city wage earners and lower-salaried workers to 119% of the 1935-39 average. The October level was 20.7% above costs in August, 1939, before the war broke out in Europe."

The Labor Department's announcement further explained:

"**Food Costs**—With the rise of 2.4% in food prices in retail grocery stores, the family food bill in mid-October was 16% higher than last October. The food-cost index of the Bureau of Labor Statistics was at 129.6% of the 1935-39 average, the highest point since May 1930.

"The increase during the month was nationwide, affecting all of the 51 cities surveyed. The greatest advances occurred in prices of butter and other dairy products, eggs, oranges, potatoes, and onions. There was also a substantial advance in prices of fresh fruits and vegetables, which are still not under OPA control. Prices of meats and certain other foods which have been under OPA control since May 18 continued to edge up, and prices of canned fruits and vegetables advanced as the effect of OPA's order permitting higher prices on the new pack reached retail markets.

"**Clothing and Housefurnishings**—Clothing costs in general showed little change between mid-September and mid-October. In several cities clothing costs decreased because of sales. Detroit was the only city in which a large increase was reported and this was due to the return to ceiling prices after September sales.

"There were only scattered changes in prices of housefurnishings this month, primarily affecting bed sheets and blankets, in a few cities.

"Reports from the Bureau's field staff all over the country indicate a definite decrease in the quantity of merchandise available in lower-priced lines, and that on many articles, workmanship is now poorer.

"**Rent**—There were relatively few changes in rents in the 21 large cities surveyed by the Bureau during this period. In Kansas City there was a drop of 0.6% in the rental bill of moderate-income families between Sept. 15 and Oct. 15, reflecting further the effect of Federal control established in that city on Sept. 1. In Cincinnati and Minneapolis, the average rental bill rose slightly by 0.3%. In both of these cities, Federal control will not be established until Nov. 1.

"**Other Goods and Services**—Bituminous coal prices rose in 8 of the 34 cities surveyed. As of Oct. 1, the OPA had authorized an upward adjustment in bituminous coal prices at retail where necessary to take account of increased mine prices. Much higher prices for wood were also reported in a number of cities, and in Baltimore the price of fuel oil showed a further increase.

"Advances in the cost of miscellaneous goods and services were due in large part to increased costs for doctors', dentists', and hospital charges; barber and beauty shop service rates; admissions to motion pictures; and newspapers in two cities. None of these services are under the control of the Office of Price Administration. In addition, railroad rates in the Southeast were increased on the authority of the Interstate Commerce Commission.

"As of the first of November, the new excise taxes resulted in increases in prices of cigars, cigarettes, and smoking tobacco, telephone calls, and railroad fares."

# Items About Banks, Trust Companies

Jackson S. Hutto, New York State Superintendent of Banks, announces that a final 3% payment, amounting to $61,892, is being made to depositors and creditors of the Mercantile Bank and Trust Co., New York City, which closed in April, 1933. This will bring total repayments, since the first distribution in August, 1933, to $1,966,772, equivalent to 97% of claims. When the bank closed it owed about 23,000 depositors and creditors.

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The New York State Banking Department recently announced the filing of a notice of the intention to organize the Hempstead Trust Co. of Hempstead, Long Island, with a capital of $100,000, and surplus of $25,000. The incorporators are B. Elliot Burston, Thomas F. Hartnett, Frederic C. Shipman, Harry Green, George B. Serenbetz and Herman Neuschaefer.

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The Auburn Trust Co., Auburn, N. Y., has received authorization from the State Superintendent of Banks to open a branch office at Port Byron, N. Y., after the first of the year. This authorization, it was explained, was issued in connection with the purchase of assets of the National Bank of Port Byron by the Auburn Trust Co.

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Dr. Alan Valentine, President of the University of Rochester, has been elected a Director of the Security Trust Co., Rochester, N. Y.

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The Federal Reserve Bank of St. Louis announces that the French Lick State Bank, French Lick, Ind., and the Citizens Loan and Trust Co., Washington, Ind., have become members of the Federal Reserve System. The French Lick State Bank, organized in 1903, has a capital of $50,000, surplus of $20,000 and total resources of $589,850. It is headed by W. W. Cave.

The Citizens Loan and Trust Co., headed by Logan H. Peek, has a capital of $100,000, surplus of $80,000, and total resources of $1,286,371. The institution was founded in 1902.

Announcement has also been made of the admission to membership in the Reserve System of the Farmers & Citizens Bank, Tiro, Ohio. The bank, incorporated on May 6, 1914, has total deposits at the present time of approximately $220,000. Dr. W. H. Guiss is the officer actively in charge.

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Huntly R. Drummond, heretofore President of the Bank of Montreal, was elected Chairman of the Board of Directors at the annual meeting held at Montreal on Dec. 7, and G. W. Spinney, formerly General Manager, was elected President. B. C. Gardner, for the past seven years Assistant General Manager and prior to that time First-Agent in New York City, was appointed General Manager at a meeting of the Board of Directors following the annual meeting.

Mr. Spinney and Mr. Gardner have been actively associated with the Bank for many years. The former is a Director of Sun Life Assurance Co., and the Consolidated Mining & Smelting Co. of Canada. Maj.-Gen. the Hon. S. C. Mewburn, C.M.G. and W. A. Bog, were re-elected Vice-Presidents.

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At a meeting of the board of directors of The Dominion Bank, Toronto, Canada, Charles B. Shields was elected a Director. Mr. Shields is Vice-President and General Manager of Loblaw Groceterias Co., Ltd., and a Director of Canada Bread Co., Ltd., and Great Lakes Paper Co., Ltd. Robert Rae was also elected a Director and a Vice-President of the bank. Mr. Rae has been associated with the bank for 36 years, and for the past five years, he has been General Manager, which position he will continue to hold. He is Vice-Chairman of the Executive Committee of the Canadian Chamber of Commerce and President of the St. Andrews Society of Toronto.

## Mutual Savings Bank Xmas Clubs At Record

New record figures for mutual savings bank Christmas Clubs were announced on Nov. 12 by the National Association of Mutual Savings Banks. The total of such funds in the 17 States where mutual savings banks operate amounted to $76,720,302, distributed among 1,528,555 accounts, an average of $50.19 per account. Roughly, this total was about $750,000 above the figure for last year. In view of war conditions, savings bank officials thought that this very substantial accumulation of Christmas funds was convincing evidence of the public will to save.

"Every member of a Christmas Club, or any one receiving a Christmas Club check, will do well to invest a part of these funds in War Savings Bonds," said Levi P. Smith, President of the National Association of Mutual Savings Banks, and President of the Burlington Savings Bank, Burlington, Vt. "A large part of Christmas Club money is intended for gifts. What gift could be more appropriate in these times than a War Savings Bond? As we begin new Christmas Clubs for next year it will be wise to add something more for war bonds and war needs." In its announcement the Association said:

"This year Christmas savers in the five boroughs of the City of New York will be well supplied with funds to 'send the boys a package,' or otherwise give expression to the Christmas spirit. The mutual savings banks of Brooklyn had the largest share of such funds amounting to $11,505,082, in 255,855 accounts. Manhattan ranked second with $7,032,602, owned by 125,067 depositors. In Queens deposits aggregated $2,640,675, held by 58,037; in the Bronx deposits were $1,125,000, and depositors numbered 24,161; in Richmond deposits were $740,000, and depositors, 15,270.

"Upstate New York cities showed these results in Christmas funds and number of depositors: Rochester, $1,490,000 deposits, 30,165 depositors; Albany, $1,247,127 deposits, 22,216 depositors; Schenectady, $700,000 deposits, 11,000 depositors; Utica, $650,000 deposits, 11,550 depositors; Syracuse, $650,000 deposits, 11,500 depositors; Yonkers, $546,989 deposits, 10,862 depositors; Poughkeepsie, $265,000 deposits, 5,936 depositors."

## On N. Y. Banking Board

Governor Herbert H. Lehman before retiring named Philip A. Benson of Brooklyn as a member of the Banking Board of the State of New York. Mr. Benson, who is President of the Dime Savings Bank of Brooklyn, was named to fill the vacancy due to the death of Henry R. Kinsey. The Governor also announced that Lawrence S. Greenbaum, a member of the State Board of Social Welfare since 1936, had been named Chairman of the Banking Board, succeeding the late Albert H. Schoellkopf. The death of Mr. Kinsey, who was President and Trustee of the Williamsburgh Savings Bank, Brooklyn, was refered to in these columns Oct. 22, page 1456.

## Bank Of The Manhattan Co. Operating Net Income For 1942 At $3,550,000

J. Stewart Baker, Chairman of the Board of the Bank of the Manhattan Co., New York, reported to stockholders on Dec. 1, at their 144th annual meeting, that the estimated net based on actual figures for the first nine months and estimated figures for the last three months, the operating income of the bank for this year "will be approximately $12,900,000, and operating expenses including taxes $9,350,000; leaving net operating income of $3,550,000, not including profits or losses realized on the sale of securities." For 1941 the net operating income was $2,753,213. In his report this week to the stockholders Mr. Baker says "you will recall that since 1938 it has been our policy to set up each quarter, as reserves against our Government bond portfolio, an amount equal to the net profits realized on the sale of Government securities." He adds:

"We estimate that for this year the net loss on the sale of Government securities will amount to $390,000 which will have been charged against these reserves. In addition, there will be a net loss of approximately $860,000 on the sale of other securities, which will have been charged against reserves. A large part of the loss on the latter securities was realized on securities we purchased many years ago and against which we had set up these reserves to provide for the depreciation in their market value."

Mr. Baker also states that "for the first ten months of this year the average return on our loans and investments was at the annual rate of 1.83% as compared with 1.84% for the same period last year while our funds invested in these items averaged $72,000,000 more."

It is also disclosed in the report that, in addition to the regular fourth quarter dividend (of 20c a share), the directors plan to declare a special year-end dividend of 10c per share, the same amount which has been paid for several years. This will bring total dividends declared during the year to $1,800,000 and will represent approximately 50% of the net operating earnings for the year.

Regarding the bank's loans, the chairman has the following to say:

"There has been a great change in our loan portfolio. As normal business has been more and more restricted those customers who were not engaged in war work have had less and less need to borrow from us. Consequently, our loans have shown a constant decline since the first of the year in number and in total amount. On the other hand, many of our customers have asked for substantial credits in order to finance work they are doing for the Government. A number of credits have been established and many more are in the process of being arranged. So far, loans under these credits have not been great, due to the fact that the companies have been able largely to finance themselves, but we believe that these loans will increase as the volume of war production increases and may reach substantial amounts when the companies make their tax payments."

From Mr. Baker's report we also quote:

"While there has been some increase in our deposits during the year, it has been less than that experienced by banks in sections of the Country where more war work has been carried on. New York City has not received its proportionate share of war contracts, and, consequently, the increase in the aggregate wages paid has been less than in other cities. On the other hand, New York City has been considered the principal point for the sale of Government securities."

Mr. Baker further reports:

"On Nov. 15 we owned $357,335,000 par value of United States Government securities with an average maturity of 6¼ years. However, based on the earliest call dates of the bonds and definite maturities of the notes and certificates, the average life of these securities was 4¼ years. During the year the Treasury Department has issued its bills and certificates in increasing amounts in order to make available Government securities that are particularly suited for a bank's excess funds. We have purchased a substantial amount of these offerings, which has enabled us to place at the disposal of the Treasury Department funds which otherwise might have remained idle."

He likewise says: "On Nov. 15 we held 1.202 mortgages, which were carried on our books after reserves at $7,267,000. The yield on our mortgage investments for the first ten months this year," he says, "was at the rate of 4¼% per annum."

## Canadian Banks May Have To Shut Branches

Canadian banks will have to share in restriction of wartime civilian activity by closing more branches and curtailing or suspending certain services over the next few months, Charles St. Pierre, President of the Canadian Bankers' Association, predicted on Nov. 12.

Speaking before the Association's 51st annual meeting at Montreal, Mr. St. Pierre, who is General Manager of the Banque Canadienne Nationale, declared that despite the tremendously increasing demand for banking services to serve the armed forces, industry, and the public, the elimination of branches would be extended "in keeping with the greater concentration necessary for victory."

"This step reflects the views of the authorities at Ottawa and must be taken by the banks as part of their share in the curtailment of normal activities being experienced by business generally," he said in his presidential address, according to the Montreal "Gazette," he added:

"The nation is moving toward the channelling of its man and woman power more and more to the armed forces and war industry. It is inevitable that during the next few months we shall be impelled by national war requirements to diminish quite sharply, and in some cases to eliminate, certain services which have been for many years a part of the banking business.

"It is not possible to forecast just what services will be eliminated, but the public can be sure that whatever is done will result only from pressure of war. We shall look forward to the day when, with this world conflict happily ended, our full services to the public may be restored."

Mr. St. Pierre and other officers of the Association were re-elected for another year. The Vice-Presidents are G. W. Spinney, joint General Manager of the Bank of Montreal, now serving at Ottawa as chairman of the National War Finance Committee; A. E. Arscott, Canadian Bank of Commerce; S. G. Dobson, Royal Bank of Canada; and Robert Rae, Dominion Bank.

Mr. St. Pierre reported that the number of banking offices in Canada has already been reduced by a net of 143 since the end of 1939, a decline of more than 4% in the total of branches, sub-agencies, and also revealed that since the start of the war the number of men employed by Canadian chartered banks had been decreased by nearly 5,600 and the proportion of women employed had risen from less than 22% to more than 52%.

In the year ended Sept. 30, he said, bank holdings of Dominion and provincial securities maturing within two years had increased by $441,000,000 to $1,272,000,000 and had been accentuated in the last month because of bank borrowings by the government on six-month deposit receipts developed specially as security for such short-term bank loans.

"It is to be hoped that this means of borrowing will be limited to absolute necessity," Mr. St. Pierre commented.

He said bank deposits had risen from $3,099,000,000 to the record level of $4,074,000,000 since the start of the war, but the advance of $975,000,000 had been accompanied by a net increase of only $175,000,000 in current loans from which banks derive much of their revenue.

Mr. St. Pierre said he saw in the lag in current loans a natural result of anti-inflationary controls of civilian business and industry and heavier taxes as reflecting the "pay as you go" basis of Canada's war financing.

Heavily increased war taxation, he said, had forced a reduction in the rates of bank dividends.

## Canadian Bk. Of Commerce Assets At New Record

The annual statement of the Canadian Bank of Commerce, Toronto, for the financial year ending Oct. 31 shows total assets of $886,660,544, which was $125,252,566 more than a year ago and the highest total in the bank's history. The net profit for the year is reported as $2,936,053 (as compared with $3,013,152 in 1941), from which is deducted dividends of $2,250,000, transfers to staff pension fund of $258,705 and writing $350,000 off bank premises, leaving a balance carried forward in profit and loss account of $871,510. The net profits are after provision for Dominion Government taxes amounting to $1,830,858, of which $46,707 is refundable under the provisions of the Excess Profits Tax Act.

The bank's total quick assets, comprising cash and items readily convertible into cash, amounted to $591,303,300, compared with $427,432,070 in 1941. Current quick assets represent 70.79% of total liabilities to the public, compared with 60.20% a year ago.

Cash and bank balances at $147,966,233 were up $28,759,605; total holdings of securities at $416,952,558 were up $129,501,692. It is also noted that current loans in Canada declined during the year from $249,126,821 to $212,516,854, while those outside of Canada increased by $2,369,363 to a total of $20,713,827. On the liabilities side of the balance sheet total deposits at $792,559,584 were up $124,344,333, or 18% over a year ago.

## Time Extended To Complete Cotton Exports

The U. S. Department of Agriculture announced Nov. 21 that exporters who have registered sales under the Cotton Sales for Export Program of Commodity Credit Corporation will be given until Jan. 31 next to complete shipments. The previous requirement was that cotton be exported prior to Nov. 30, 1942. The Department explained that this extension does not permit registration of new sales or purchases from the CCC under the Cotton Sales for Export Program. It added:

"The sale of cotton under the Cotton Sales for Export Program was terminated July 21, 1942, and purchase orders covering sales registered prior to that date were accepted by the CCC until July 31, 1942. The shipping period has been extended because of a shortage of storage space in Canada."